



MegaTrends

Welcome to the Metaverse

August 2021



A Letter From Our Founders

At LikeFolio, we track hundreds of consumer trends. 600 at the time of this report creation, to be precise.

In the last month, one trend has been impossible for us to ignore: the metaverse.

Consumer mentions referencing the metaverse have increased by nearly +1,600% YoY... making it one of the fastest growing trends we track.

And we're already seeing this trend bleed through into the missions of companies we cover.

For example, the term "metaverse" appeared in Facebook's last earnings call TWENTY times and was summarized as being "the next generation of the Internet."

Okay. We're listening. What is the metaverse?

This report breaks down the concept of the metaverse from a consumer-facing perspective, and highlights some of the major players who are powering its development.

To be clear, we're in the very early stages of metaverse creation, but potential winners are already palpable.

Here are five names that stand to benefit in a big way, if consumer interest continues to grow at the current rate.

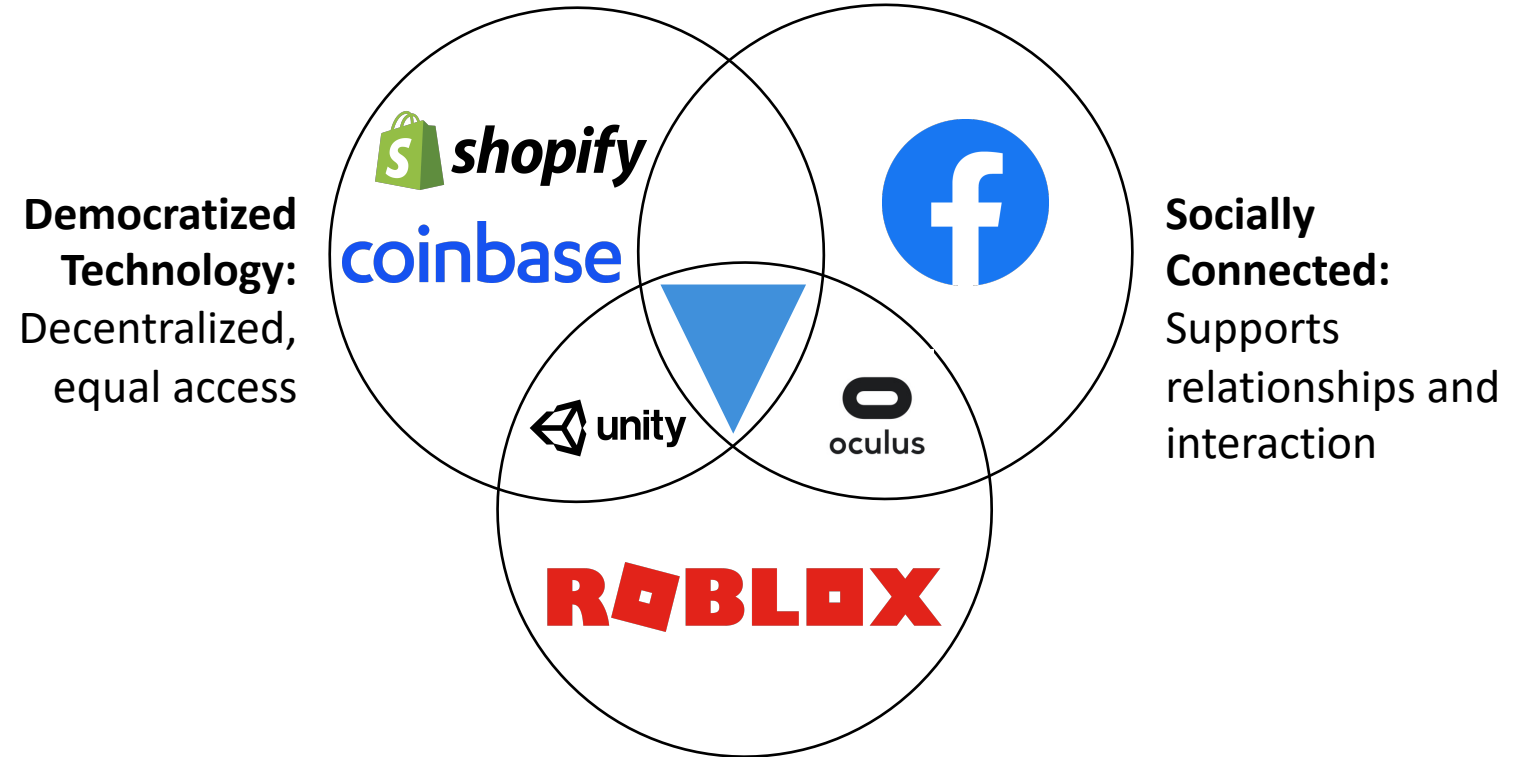
Enjoy,

Andy and Landon Swan



The Metaverse

Consumer-Facing Components



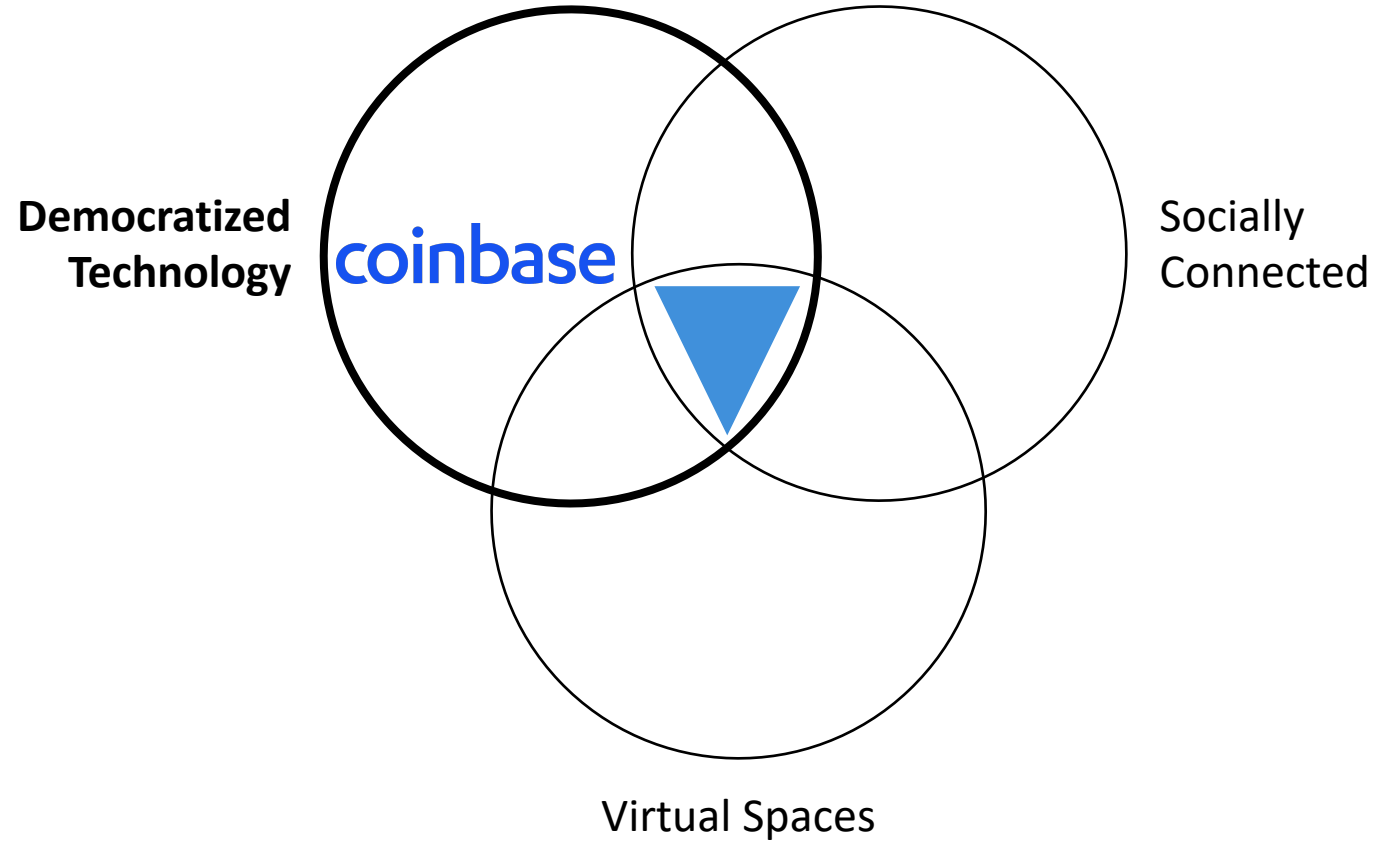
Virtual Spaces: Digital-first Co-Experiences

The metaverse is the decentralized sum of our virtual experience. This isn't a single space owned or operated by any single entity. It's a shared "**experiential reality**" lacking traditional walls and anchored on a user's identity. This is the step *beyond* the internet (meta means *beyond*). This experience is powered by **social connections** and **seamless transactions**... both monetary and data-based. This universe allows users to maintain a consistent identity and ownership while traveling from place to place. No walls. Next level.



The Metaverse

Coinbase (COIN): The Currency



A critical component of the metaverse is democratization: user-powered innovation free from a single centralized entity. This requires a new way to approach the traditional buying and selling of goods. Without a central authority, how will transactions be secured, accurate, and support true ownership? A reliable, transparent system of tracking ownership and exchange is a key driver of the metaverse... and is where decentralized ledgers and smart contract platforms – aka blockchains – come into play. These technologies are the [foundation of the metaverse economy](#). **Coinbase allows users to buy/sell the currencies and blockchain technologies that will power metaverse transactions and digital ownership.**



coinbase

COIN

Coinbase Global

Purchase Intent: +286% YoY

Trend Watch: Invested in Cryptocurrency
+781% YoY

Sentiment: 66% Positive

Swans Say...

This isn't news to anyone: **Cryptocurrency interest has exploded in the last year.**

The last time this hype cycle came around (in 2017), many users had no idea how to even get involved.

Enter: Coinbase. Coinbase is the [leading mainstream U.S. crypto exchange](#). Binance is a much larger and more complete exchange overall, but due to regulation, it's not available for U.S. users.

On the positive side: Coinbase's platform is easy to use, secure, and offers a variety of altcoins.

Critics harp that its coin variety isn't enough, and that fees are high.

LikeFolio data suggests user engagement (mentions of downloading or using Coinbase to buy/sell/stake cryptocurrency) is still growing.

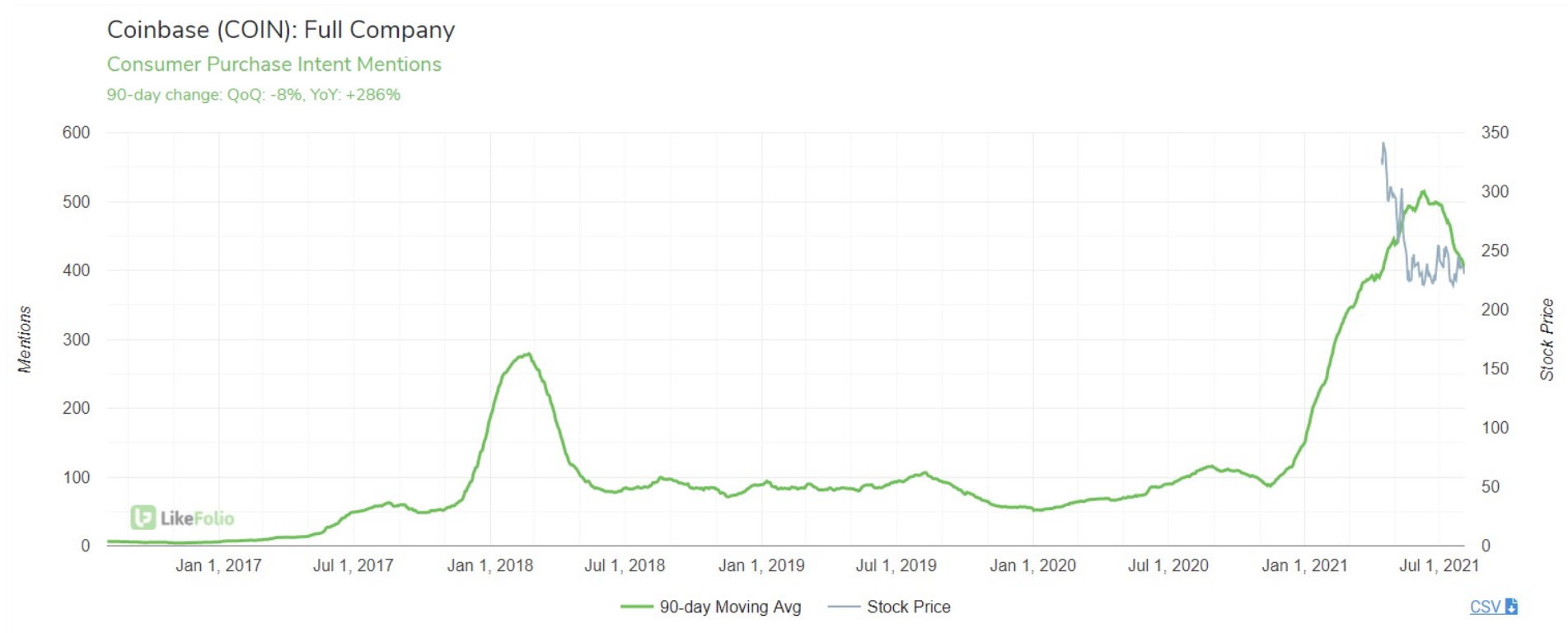
So, while Coinbase isn't directly involved in the metaverse creation, it is the metaphorical door for entry. How? By enabling users to get their hands on the currency that will drive the metaverse's digital economy.

This is a new IPO, so expect volatility, but consumer interest in cryptocurrency isn't going anywhere fast. We're cautiously Bullish.

Consumer Demand:

- Consumer mentions of downloading or using Coinbase to buy, sell, or trade cryptocurrency have increased +286% YoY.
- Total Coinbase platform mentions are holding at an even higher rate (+349% YoY), suggesting sustained engagement among users.

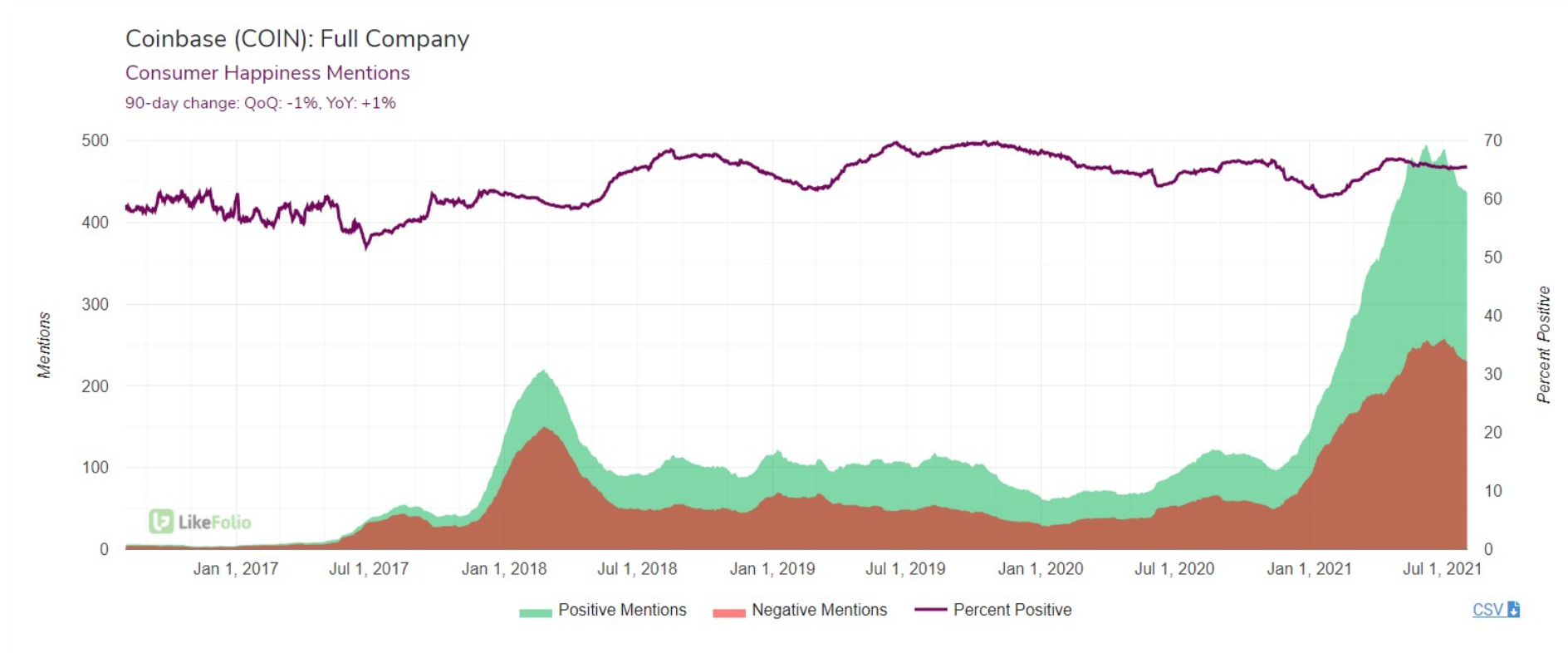
COIN: Rapid Adoption in 2020



Consumer Happiness:

- **Coinbase Consumer Happiness is extremely consistent** even amid a massive adoption spark.
- **Sentiment currently sits at 66% positive**, improving one point in the last year.

COIN: Happiness is Stable



COIN: Security, Wide Offerings Retain Users

 **ethan.mayernik**
@ethan_mayernik

Replying to @ethan_mayernik @bro_sat and 2 others

Still prefer coinbase for this basic reason. I'd rather pay a higher fee and know my btc is secure than to leave it online in a third party's hand.

5:43 PM · Aug 3, 2021 · Twitter for iPhone

1 Like

 **dr cringe**
@DrCringePHD

Replying to @InternetAjay

This is why I use Coinbase and not a separate wallet imo. Coinbase more secure and you have more resources at your disposal in case you lose access to ur funds

7:25 PM · May 19, 2021 · Twitter for iPhone

3 Likes

 **✨ I WANT TO BELIEVE ASARI ✨**
@GalacticDomme

Replying to @LatexBarbie_

I use Coinbase and Robinhood but I prefer Coinbase. It's def for dummies like me. They also give you opportunity to earn free crypto with these neat little lessons attached so I am slowly kinda learning (not really I just ask my ex who's a trader questions lmao)

12:46 PM · May 21, 2021 · Twitter Web App

1 Like

 **jay Cooper**
@jayCoop74305678

Replying to @justAT3chGuy @CandaceMartino and 2 others

Why do you prefer coinbase to Robinhood?

11:59 PM · Jun 3, 2021 · Twitter for iPhone

1 Like

 **Ray David Delvalle** 🤪 @justAT3chGuy · Jun 4

Replying to @jayCoop74305678 @CandaceMartino and 2 others

I personally want to have all my crypto's in one place, together. Plus Robinhood and the way they handled doesn't sit will with me.

1    

 **Go Big**
@Lewisisthename

Replying to @WeeklyOptions_1

I prefer Coinbase. Bigger and regulated and insured.

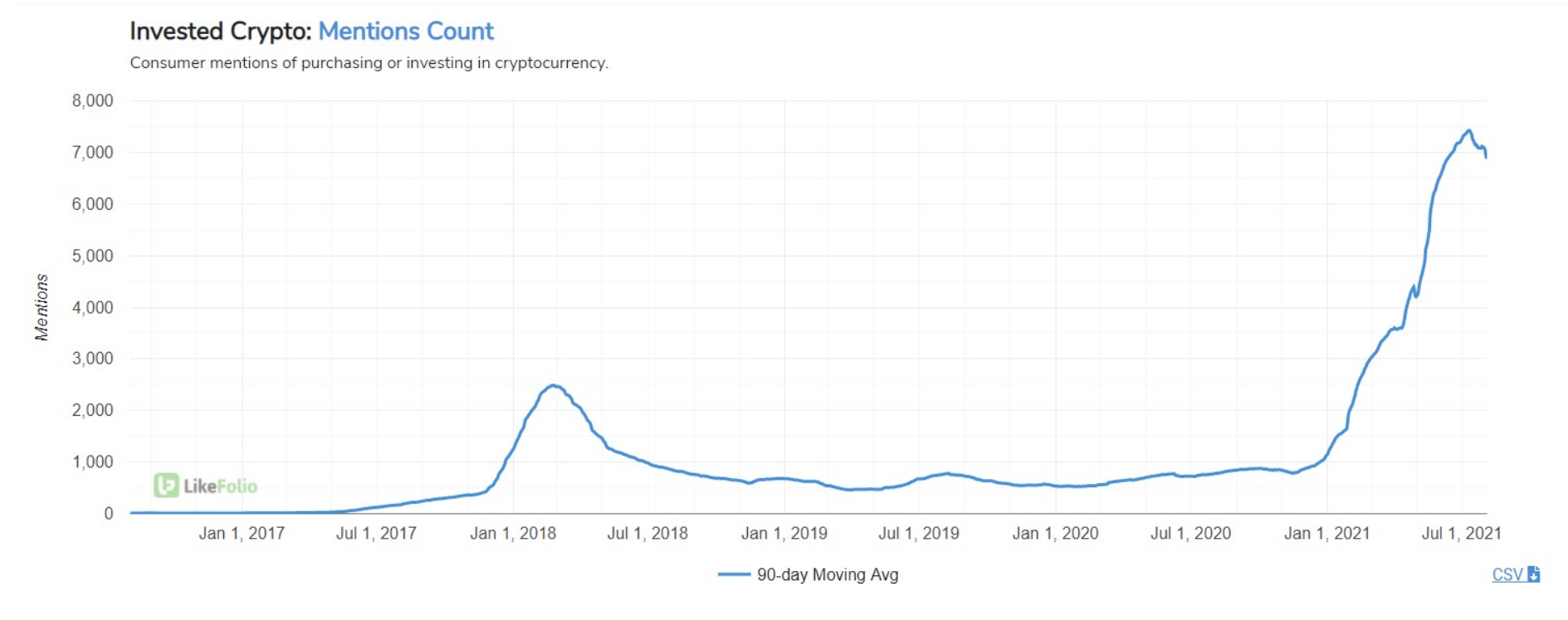
2:47 PM · Jul 6, 2021 · Twitter Web App

2 Likes

Macro Tailwind:

- Consumer mentions of investing in cryptocurrency have increased +781% YoY and currently rest just below all-time highs.

Trend Watch: Investing in Cryptocurrency

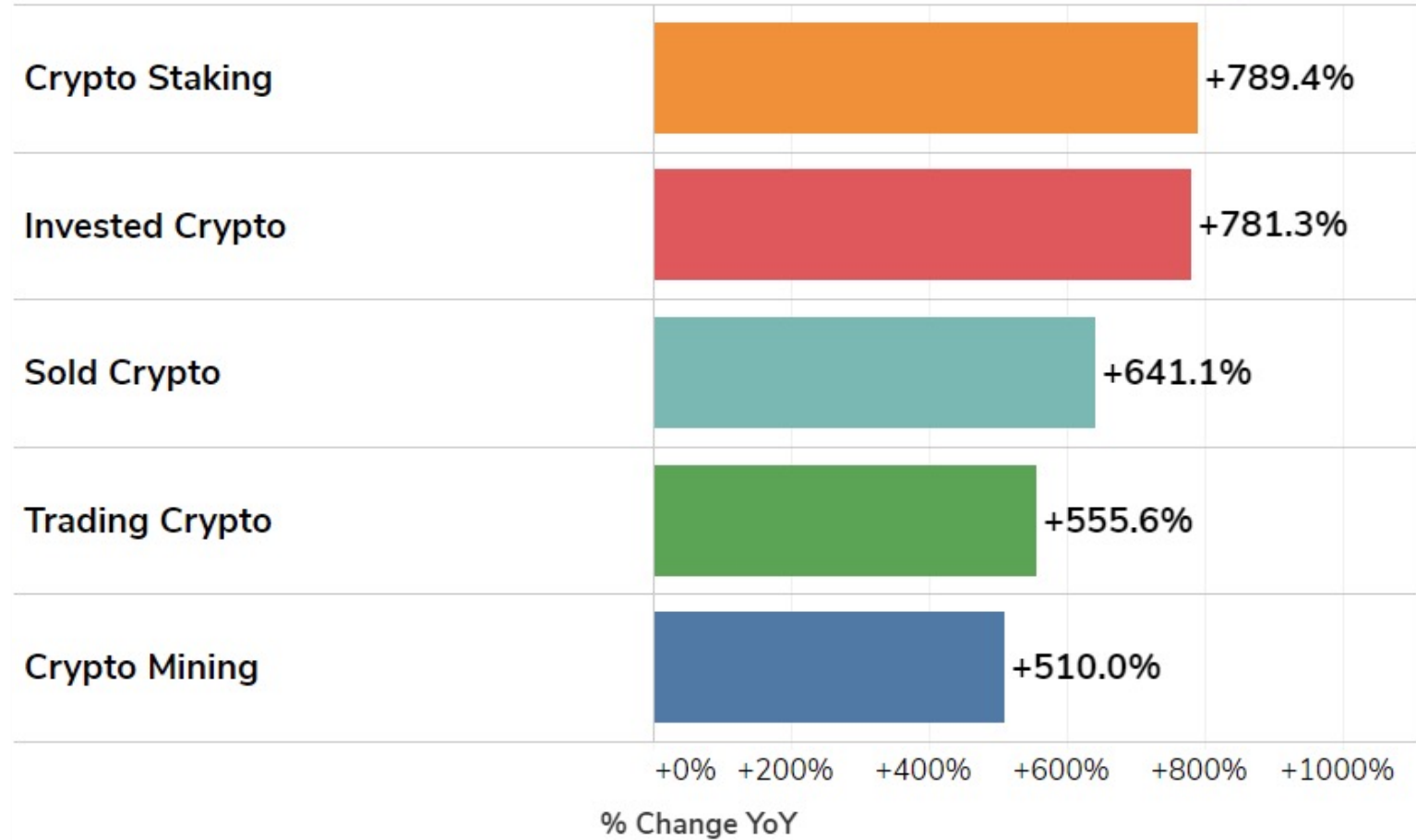


Macro Tailwind:

- Every macro trend we track involving cryptocurrency is up by more than +500% on a YoY basis.
- While Coinbase does not engage in cryptocurrency mining, it's relevant to note that consumers' engagement with cryptocurrency has exploded in the past year.
- Coinbase is capitalizing on the rise of proof-of-stake blockchains by offering eligible consumers the ability to stake their holdings (of which it takes a 25% commission from any rewards earned).

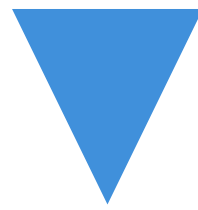
Trend Watch: Cryptocurrency Interest

YoY % Change, 90-day Moving Average



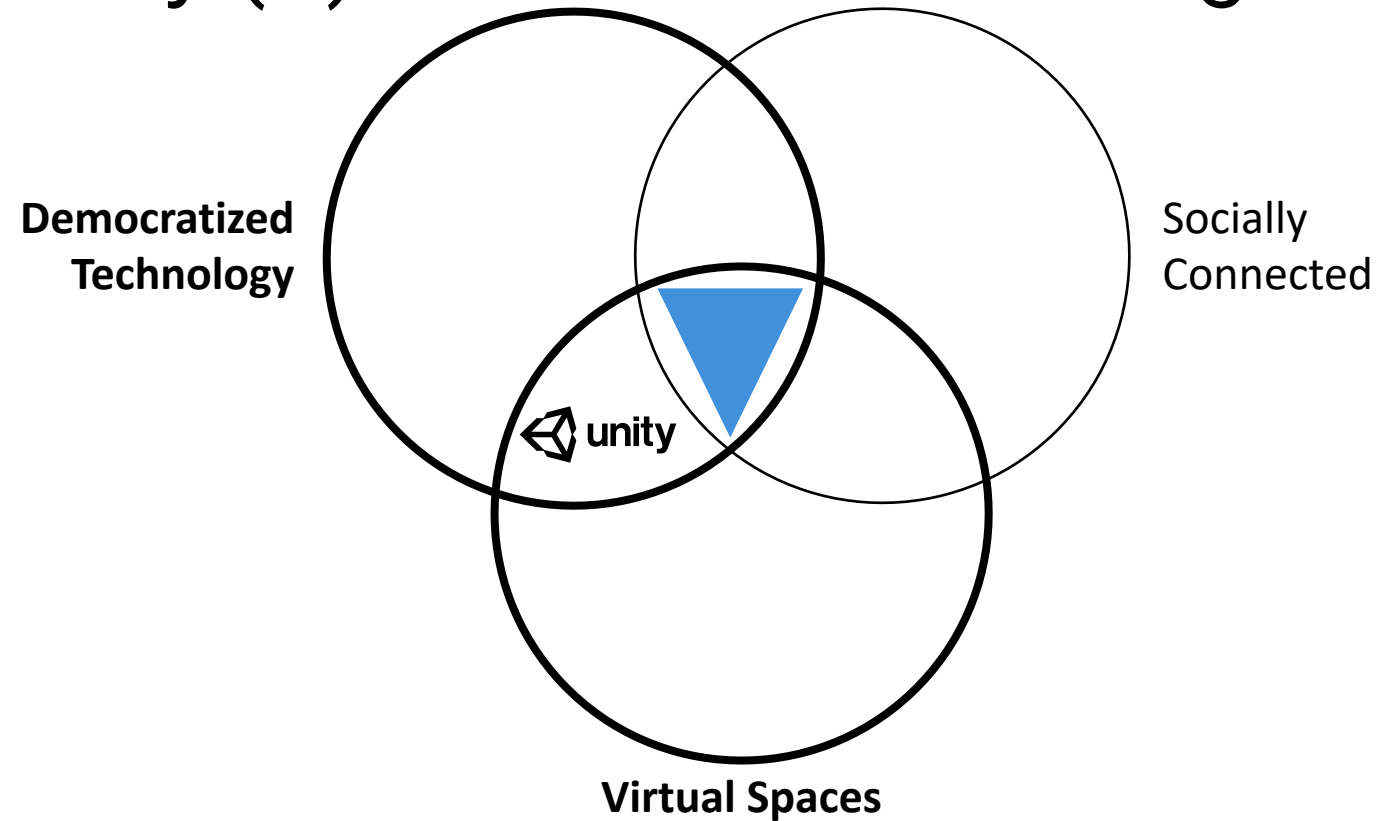
COIN: Reports and Business Updates

- **Coinbase is the largest U.S.-based crypto exchange**, recently making its public trading debut via [direct listing](#). The company offers crypto-specific financial services for all types of investors, providing a platform to buy, store, and trade crypto assets. Major competitors include Kraken, Binance, and, to some degree, Robinhood.
- **Coinbase debuted as Bitcoin eclipsed record highs** (\$63,500 at the time of listing), providing Bullish macro momentum. COIN's reference price was initially set at \$250 per share, but upon public offering, shares traded as high as \$429, temporarily boosting market value over [\\$100 billion](#). Shares closed the first day of trading +31% higher versus initial reference price.
- **As Bitcoin prices fell, [COIN shares fell in tandem](#)**. This link will continue while Bitcoin maintains market dominance. Coinbase is currently trading ~28% below all-time highs.
- On its [first earnings release](#), Coinbase reported:
 - Revenue: \$1.8 billion versus \$585 million in the prior quarter
 - **94% of revenue generated by transaction fees from trading**
 - Monthly transacting users: 6.1 million (more than double QoQ)
 - Net Profit: \$771 million, 24x higher YoY
- **Coinbase is expanding its offerings**, announcing a [Bitcoin lending program](#), [crypto savings account](#), and [new coin assets](#) (like Dogecoin) to amplify revenue streams.
- Coinbase reports 21Q2 results Tuesday, [Aug. 10](#), after the bell.

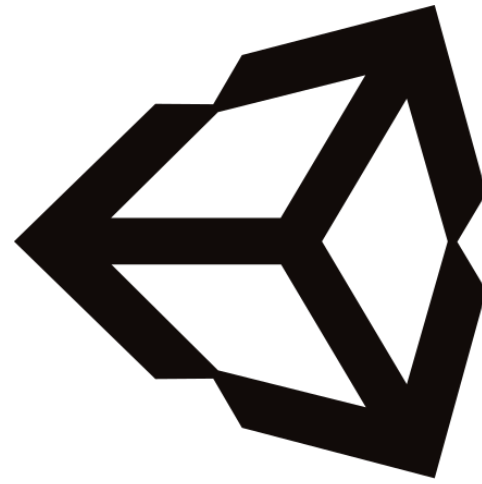


The Metaverse

Unity (U): Standardization Engine



Unity is leveraging technology to produce equal, shared experiences for users regardless of how the user enters a virtual space or what device they're using. By providing developers with standardized frameworks to work from, Unity is [lowering the barrier to entry for creators](#) and supporting a more consistent experience for users. If spaces are built using similar building blocks, the result is a more holistic metaverse. Unity gives developers access to these basic building blocks so they can train elements for interaction rather than hand-code it... or reinvent the digital wheel. And it also means a wheel created in one world has similar underlying properties to a wheel created in another. This ensures technologies play nicely together, assuming a variety of different players are involved in metaverse creation and adoption.



unity

U
Unity Software

Purchase Intent: -39% YoY

Trend Watch: The Metaverse
+1,577% YoY

Sentiment: 88% Positive

Swans Say...

Unity Software has an [amazing origin story](#).

Three friends set out to start a gaming company in 2004. The problem was, none of them had much experience. They released a game that ultimately failed, but they learned that they WERE really good at something: **making development easier for creators.**

“We realized that we suck at making games, but that we had some sort of strange insight into tool making. I don’t know exactly why, but there was something. We just had an intuition as to how to make things easy. So, we built a tool that was actually quite terrible from a performance perspective and a features perspective but somehow was easy enough that people could figure out how to use it.”

This origin story is very Slack-like.

And at a high level, it captures the mission of Unity: to democratize game development. By building a better toolkit, Unity seeks to empower more developers to build new platforms, projects, etc.

Not only did developers adopt, but so did large names ([BMW](#), [Tencent](#), [Niantic](#)).

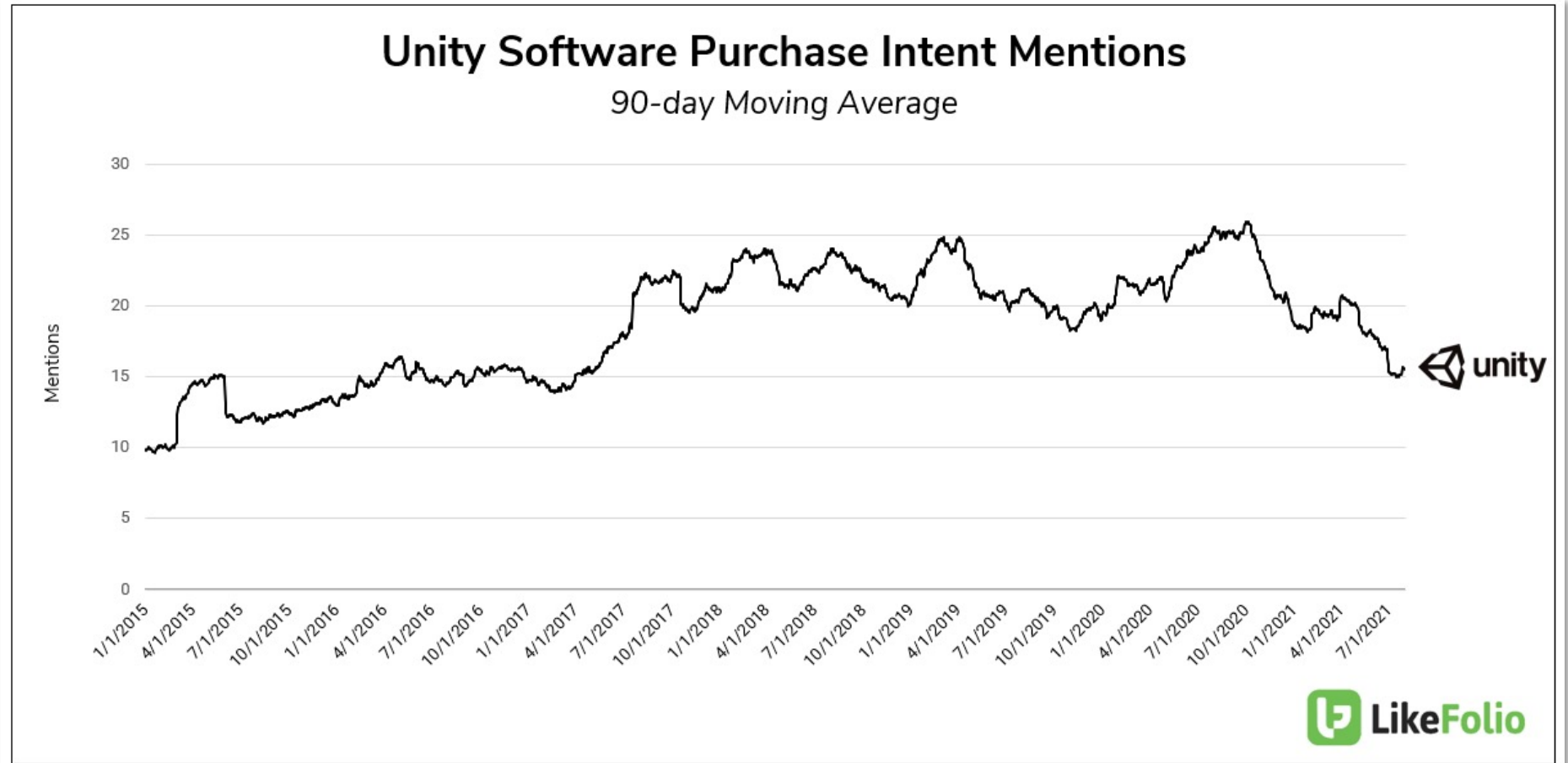
LikeFolio data doesn’t capture these B2C mentions, so it makes it tough for us to lean too heavily on Purchase Intent data.

But we know Unity consumers are happy, and we know the company is being propelled by major tailwinds. We’re leaning Bullish due to ideal positioning in an expanding digital market.

Consumer Demand:

- Unity Software isn't a traditional name in the LikeFolio universe, because most consumers interacting with Unity-powered content have no idea they are interacting with the company.
- On a smaller scale, consumer-facing mentions of using Unity for development projects has dropped -39% YoY.
- On its last earnings call, Unity noted it is diversifying and expanding its customer base beyond games and into verticals including household appliances, home improvement, health care, aerospace, and government.

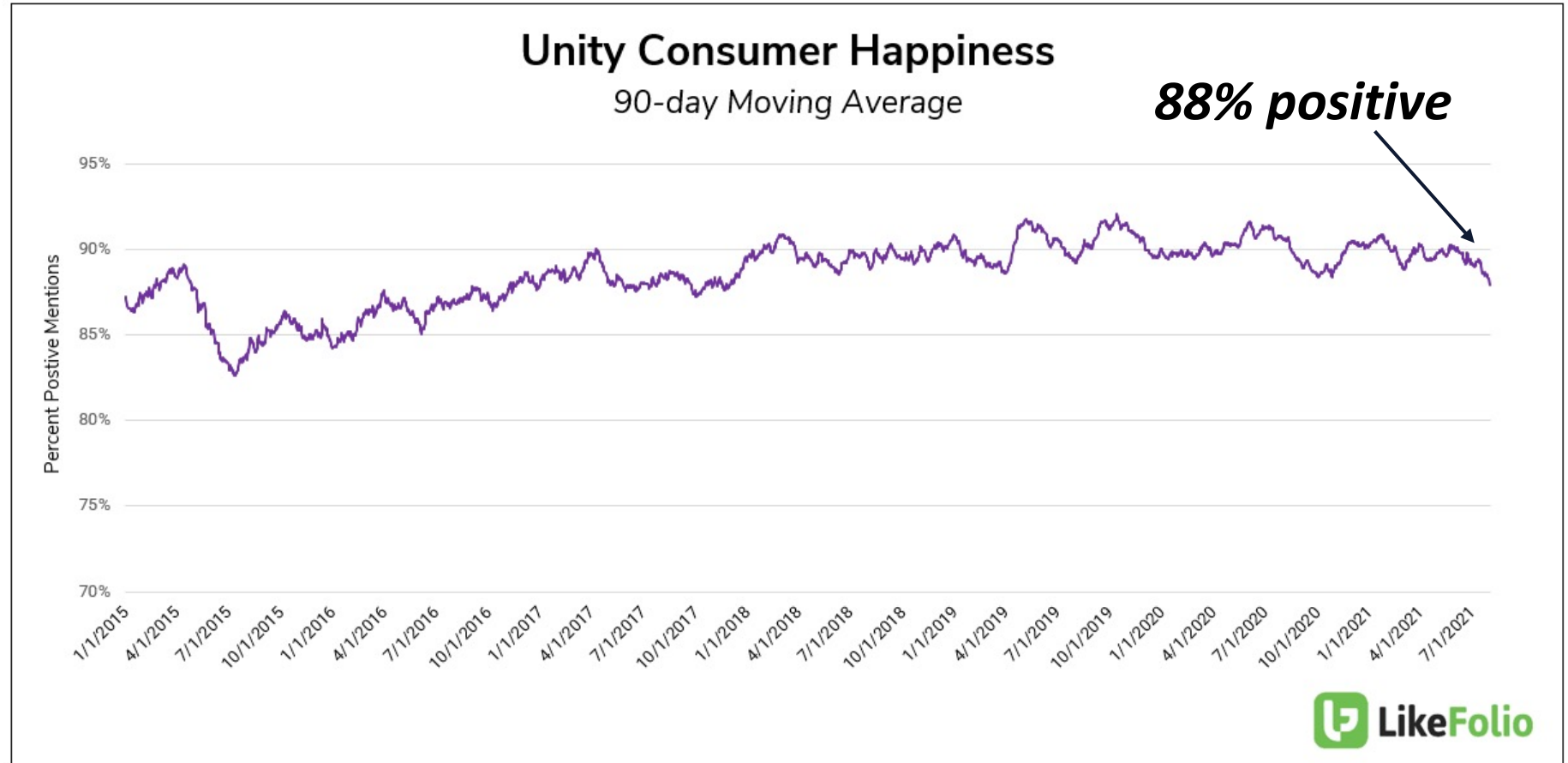
U: Mostly Behind the Scenes



Consumer Happiness:

- Unity Consumer Happiness is extremely high, at 88% positive.

U: Happiness is High



Unity: Empowering Creators

Bonus Stage Publishing @BonusStagePub · Aug 4
Hey, #indiedev. What game engine do you use now?

#gaming #gamedev #indiegame #Indiegameev #gamedeveloper

99 18 85

Captain Jeoy @CaptainJeoy
Replying to @BonusStagePub
Still with my first love @unity3d 🥰

7:16 PM · Aug 4, 2021 · Twitter for Android

1 Like

csg @ChrisScheidig · Jul 28
Created this Shader today in #unity3d to blend multiple textures with vertex colors directly painted in the editor! So much potential for use I love it <3



0:08 251 views

2 4 26

The Tax Collector Man | BLM @thetaxgoblin · 22h
made a blueprint in ue4 that rolls a ball around so i'm pretty much an expert now. you can now send me any and all of your ue4 tech questions and i will answer them

8 1 28

Josh Wilson @StaticLoFi · 11h
How do I program? Like seriously Unreal goes out of its way to make it difficult to program in the actual c++. Got an error in your code? The whole engine crashed and literally will not launch until you find and fix it.

1

Josh Wilson @StaticLoFi
Replying to @StaticLoFi and @thetaxgoblin
Frankly the ease of use of unity makes it the superior engine to learn. Unreal is very flashy but 90% of its tools are only ever really useful to large, well-funded teams and not indie devs, which makes it ironically the harder engine to get into.

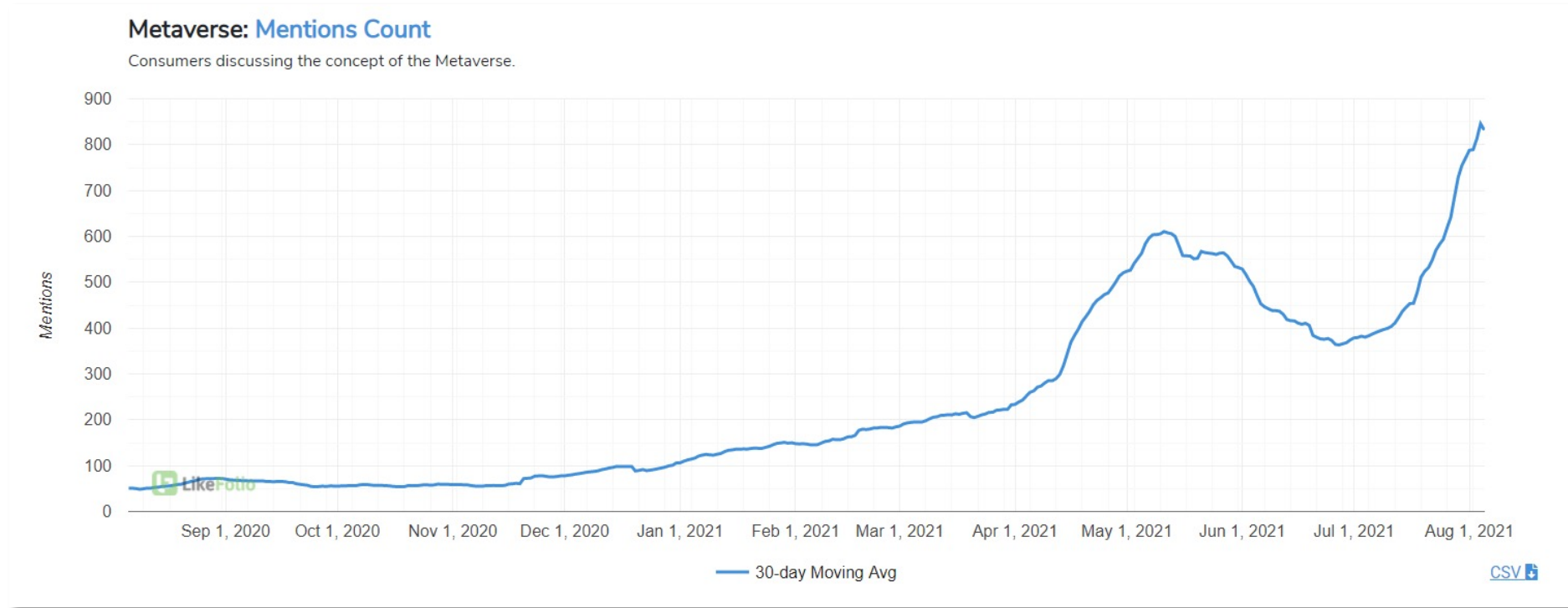
12:53 PM · Aug 5, 2021 · Twitter Web App

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Macro Tailwind:

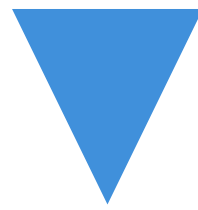
- Consumer mentions of the metaverse have increased by more than +1,577% YoY, making it one of the fastest-growing macro trends in the LikeFolio universe.
- Unity Software is increasingly associated with democratizing the metaverse (i.e., increasing accessibility for users and creators).
- Mentions of the metaverse containing a Unity reference have increased by more than 6,000% YoY... nearly vertical, and far outpacing generic metaverse mentions.

Trend Watch: **The Metaverse**



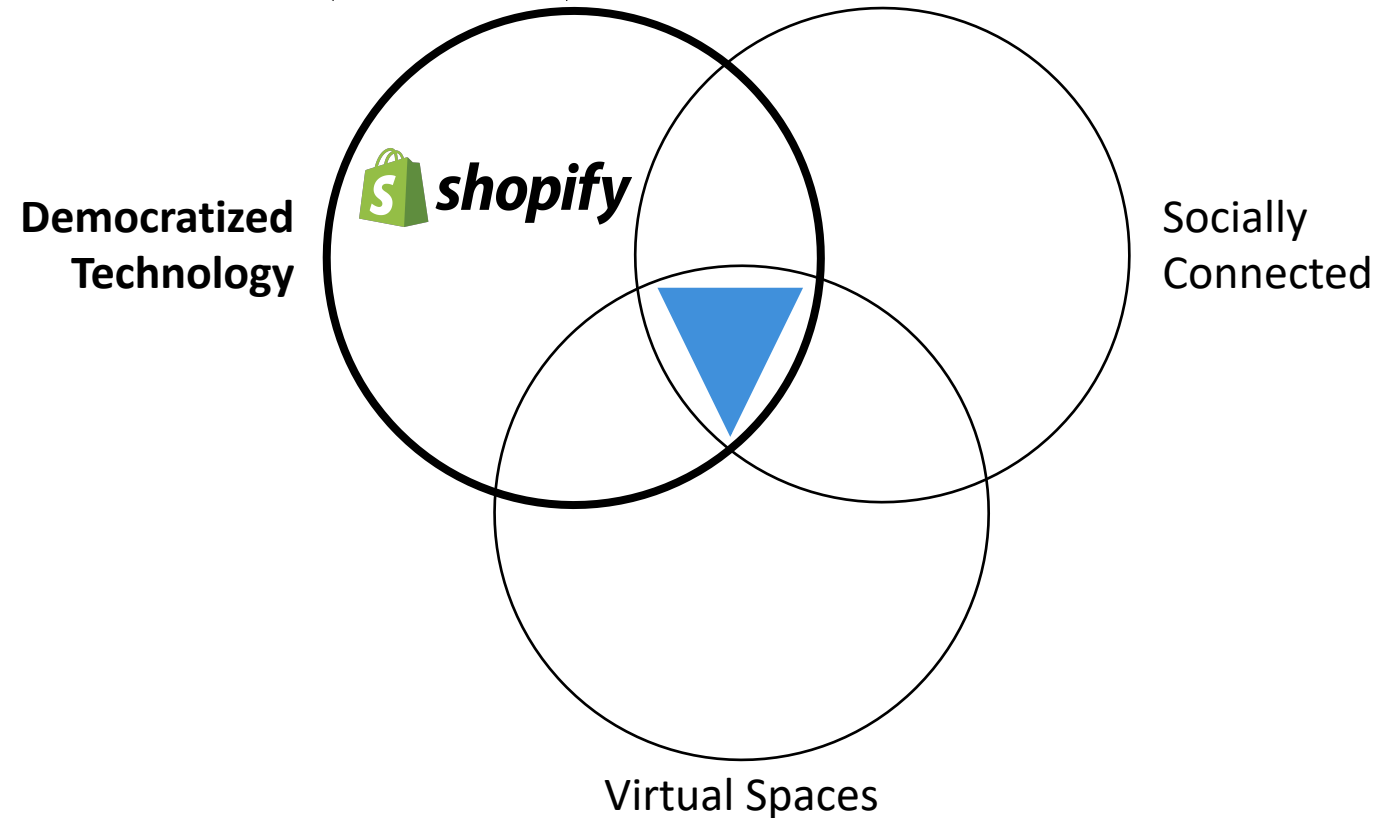
U: Reports and Business Updates

- **Unity Software supports and standardizes development.** The company provides software to create, run, and monetize interactive content across all kinds of consumer devices — from phones and tablets to desktops, gaming consoles, and VR devices. This application is what makes Unity a contributor to democratized technology, and a contributor to shared virtual spaces. **Create once, deploy everywhere.**
- **Unity powers technology behind popular consumer-facing names,** many of which are publicly traded themselves. For example:
 - [Activision Blizzard \(ATVI\)](#) – “Crash Bandicoot on the Run” was built entirely on Unity.
 - [Snapchat \(SNAP\)](#) – [Unity Ads](#) are now available in the Snap Audience Network, and Snap Kit SDK is now available for Unity game developers. “With more than 50 percent of all mobile games made with Unity, the Unity and Snapchat advertising and game development integrations fortify reach to the mobile gaming audience, and the discoverability of mobile games, across both platforms.”
- **On its 20Q1 report,** Unity revenue increased +41% YoY to \$235 million, marking the tenth consecutive quarter of 30%-plus revenue growth.
- **The company plans to empower the metaverse at extreme scale by supporting creators, the company’s top mission.** “We believe it’s inevitable that a large portion of the world’s creators will, over time, become primarily real-time 3D creators. The role of interactivity through 3D in real time is so much greater than with alternative forms of media. Our goal is to enable these real-time 3D creators, or to use a popular phrase, ‘Enable, empower much of the metaverse.’”



The Metaverse

Shopify (SHOP): Decentralized E-Commerce



A key example of democratized technology is the ability for users to travel between shared spaces and carry along digitally owned items. Consider: If you buy a unique digital item in one space, how can you prove its legitimacy and your ownership as you move into a different space? This is the driving force behind [NFTs \(Non-Fungible Tokens\)](#), unique digital items that are owned and controlled by a single entity, be it a user or a company. Because NFTs are blockchain-based smart contracts, ownership can easily be traced back to the original creator, thus guaranteeing authenticity in any location. The end goal is to allow for the buying and selling of virtual items from all spaces on interoperable marketplaces. **Shopify is opening the door for physical brands to get involved** without extensive blockchain experience. [Eligible merchants can sell NFTs directly](#), removing a barrier to entry for both the merchant and the buyer of the digital item.



shopify

SHOP
Shopify

Purchase Intent: +137% vs. 2019

Trend Watch: e-commerce +26% vs. 2019

Sentiment: 85% Positive, +7% YoY

Swans Say...

This isn't the first time we've featured Shopify as a major MegaTrends winner.

In the past, we've highlighted the fact that Shopify is being propelled by a major consumer shift to e-commerce... which still holds true.

But now, we're taking an even higher-level view of this name.

At its core, Shopify enables companies to quickly adopt the highest standards when it comes to creating an online presence, facilitating transactions, managing inventory, and now tackling fulfillment.

Shopify's embrace of NFTs (which many people have questions about, but stick with us here, we get deep) showcases that the company understands what matters to consumers.

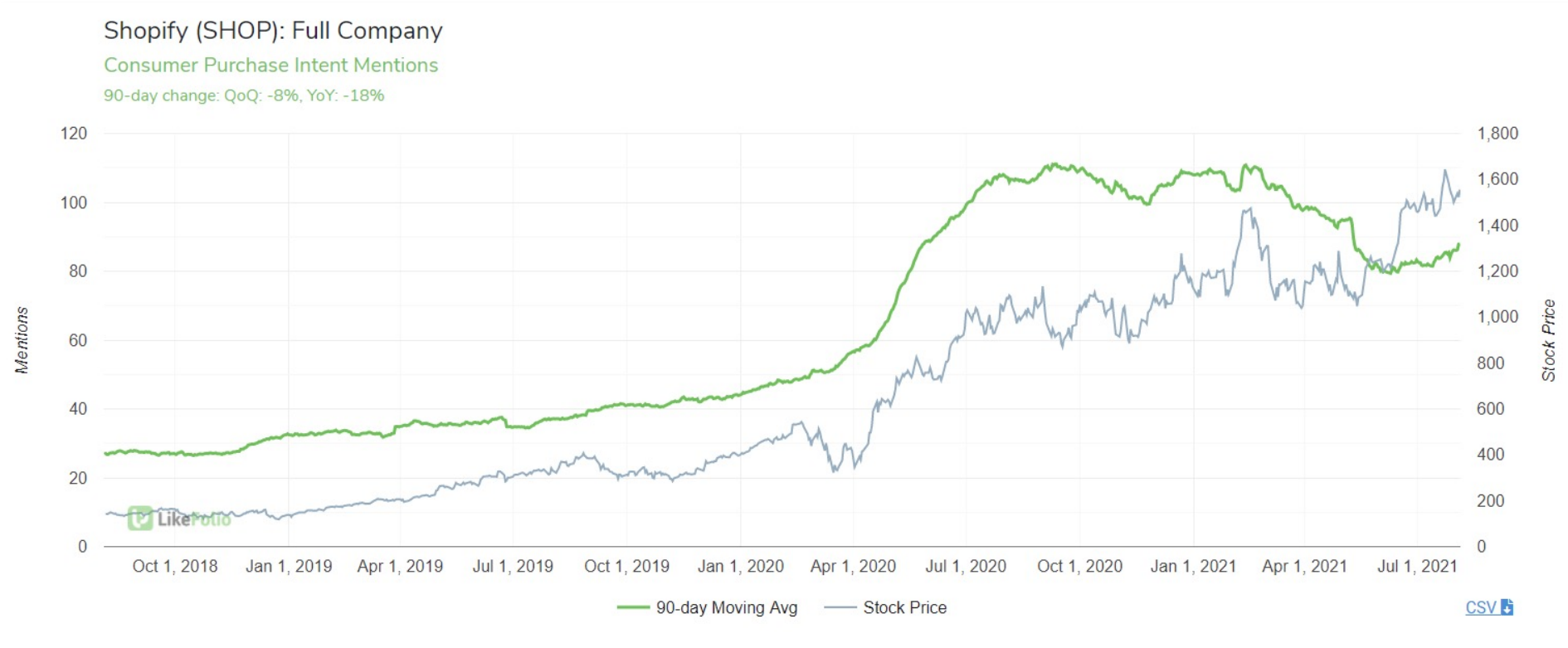
By enabling both buyers and sellers of these futuristic digital assets to conduct transactions seamlessly, without extensive technical knowledge, Shopify is democratizing technology.

It doesn't hurt that consumer demand for Shopify services and overall Happiness levels continue to outperform versus peers. **We're still Bullish.**

Consumer Demand:

- Shopify Purchase Intent captures mentions of consumers using services like Shop Pay during checkout and mentions of merchants adopting Shopify's platform.
- Demand for Shopify services has increased across the board: +137% versus 2019.
- Shopify Pay mentions have risen +87% versus 2019.

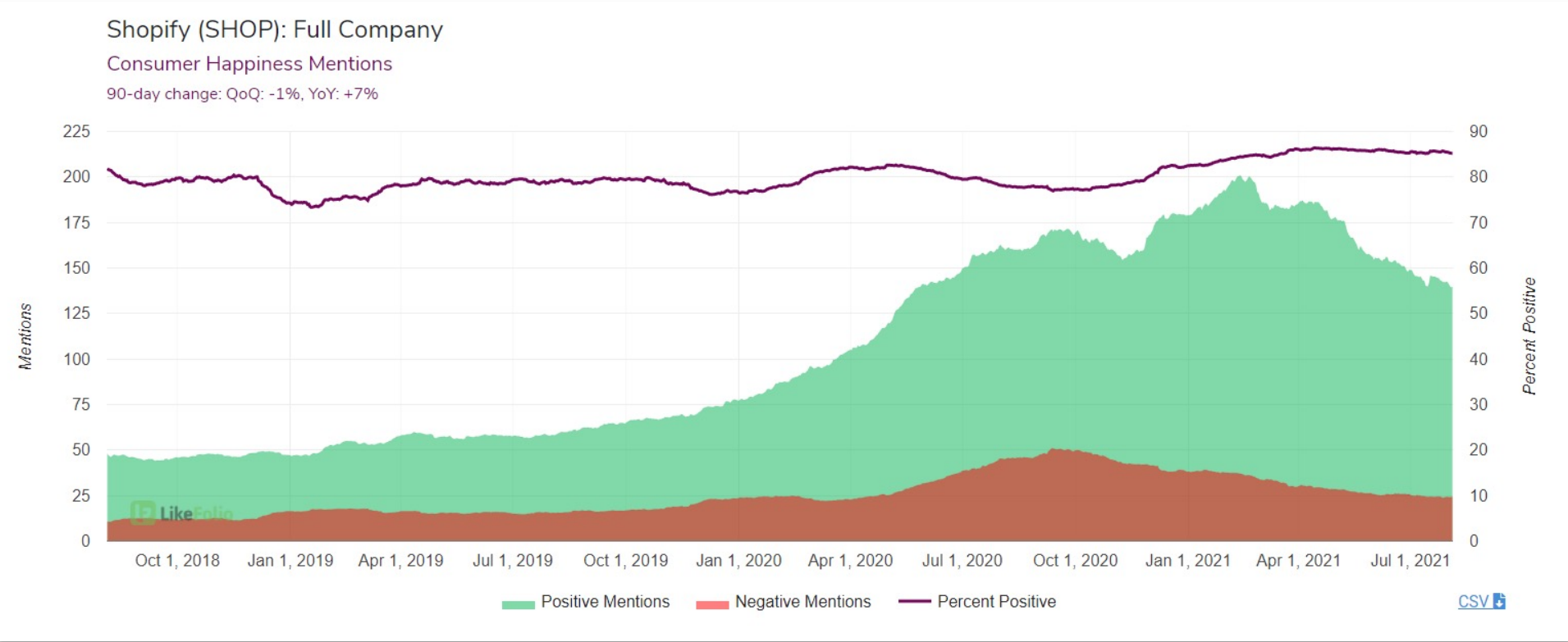
SHOP: Growing Customer Base



Consumer Happiness:

- Shopify boasts one of the highest levels of Consumer Happiness in the LikeFolio coverage universe: 85% positive and rising.

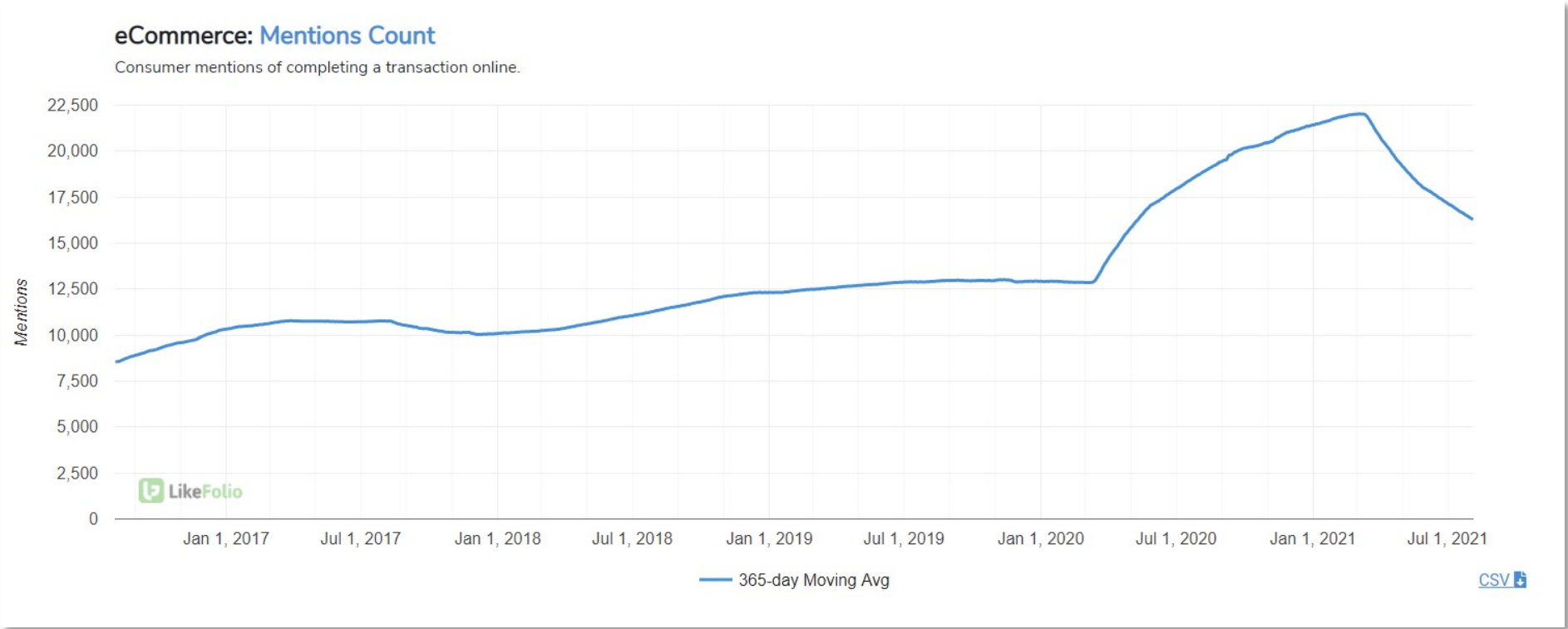
SHOP: Happiness is Soaring Higher



Macro Tailwind:

- Consumer mentions of completing purchases online have increased +26% versus 2019.

Trend Watch: E-Commerce

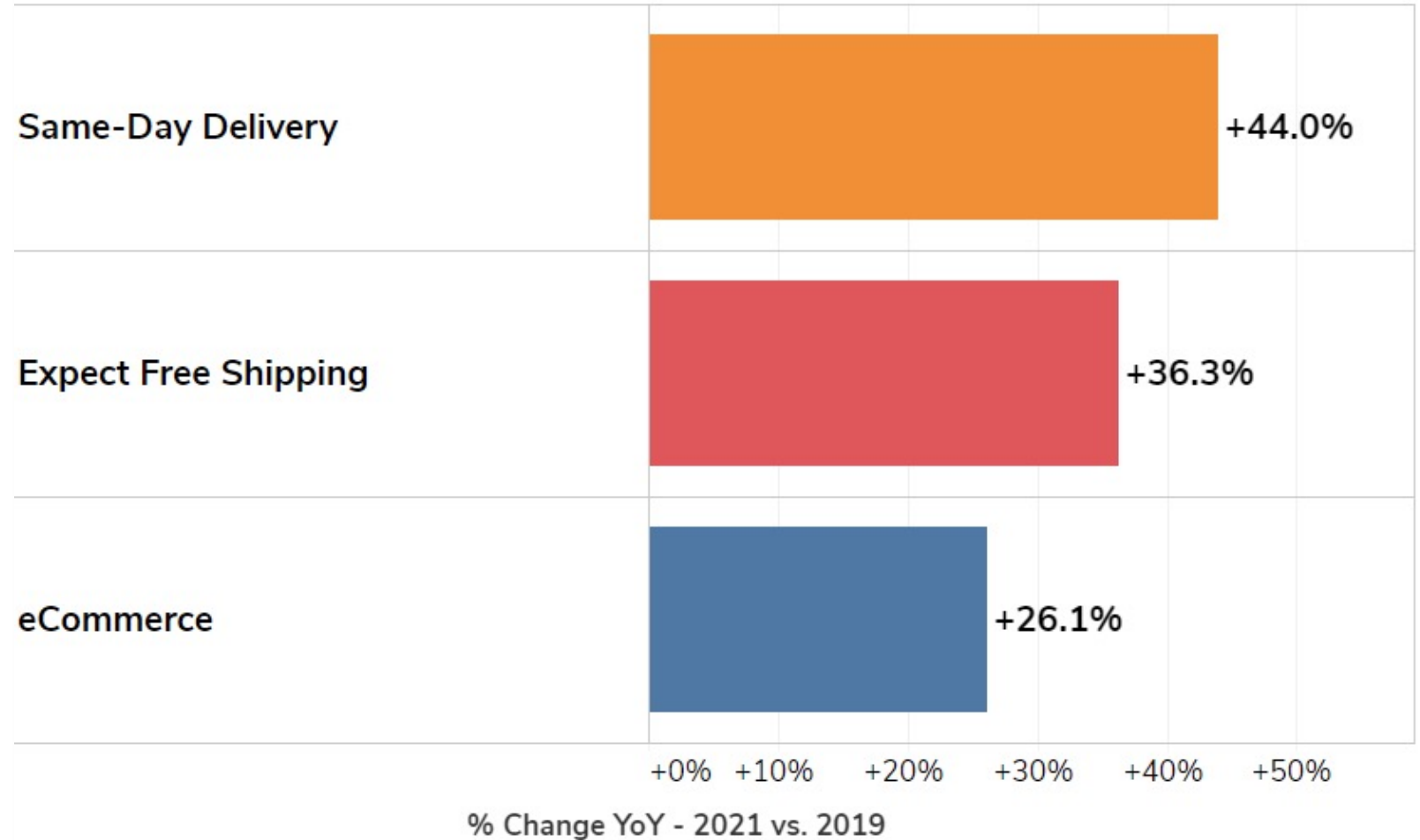


Macro Tailwinds:

- Not only do consumers want to be able to complete purchases online, but fulfillment expectations are increasing at an even steeper clip.
- [Shopify's CFO](#) said the company was "head down" building up the Shopify fulfillment network as a key investment area in 2021, with the goal of providing simple, fast, and affordable solutions to its merchants.
- Shopify acquired [6 River Systems](#) in 2019 to expand its fulfillment network and improve efficiency.

Trend Watch: Digital Fulfillment

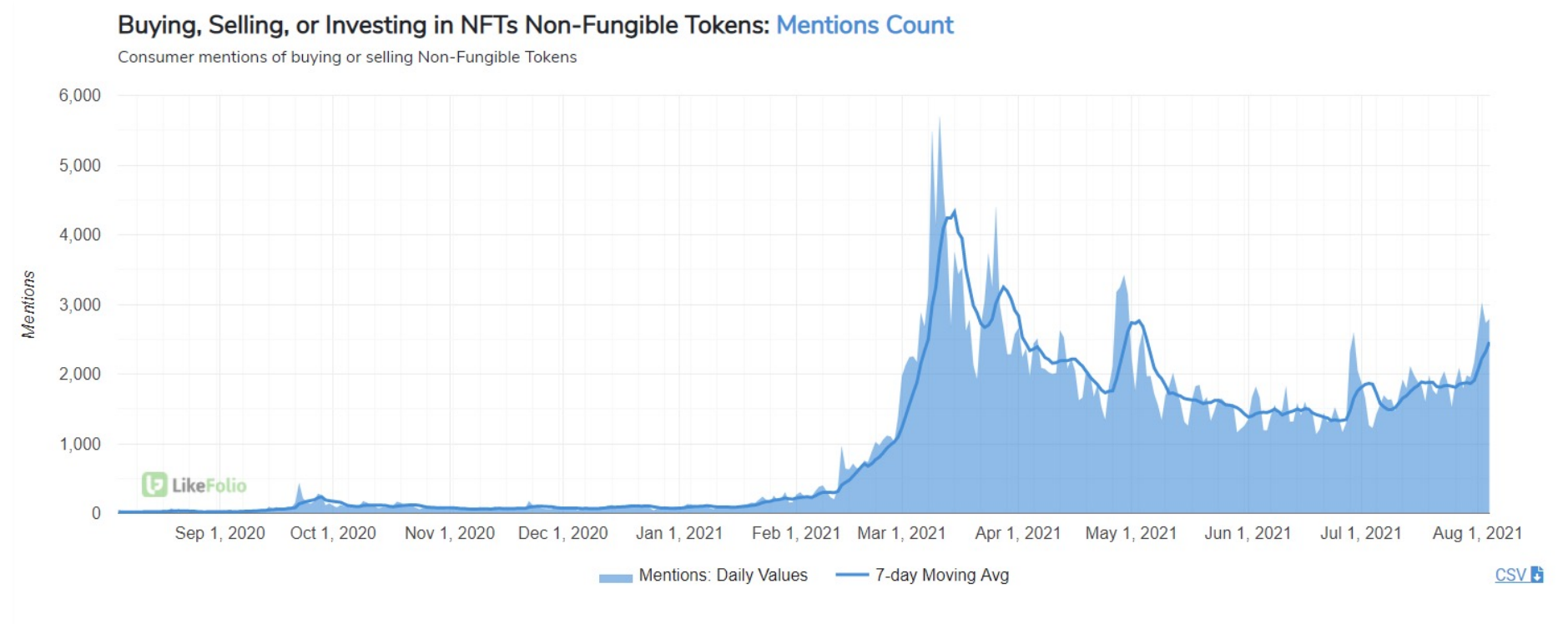
2 Year % Change, 365-day Moving Average



Macro Tailwind:

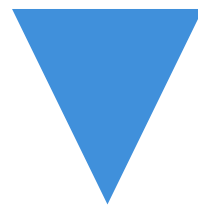
- Consumer mentions of buying, selling, or investing in Non-Fungible Tokens (NFTs) exploded in 2021, and are currently trending higher after cooling off through June.
- Shopify is expanding its e-commerce offerings by enabling merchants to sell NFTs via its platform.
- This increases access to digital assets for buyers and sellers, which will serve to increase adoption and normalize the sale of unique digital goods.

Trend Watch: Non-Fungible Tokens (NFTs)



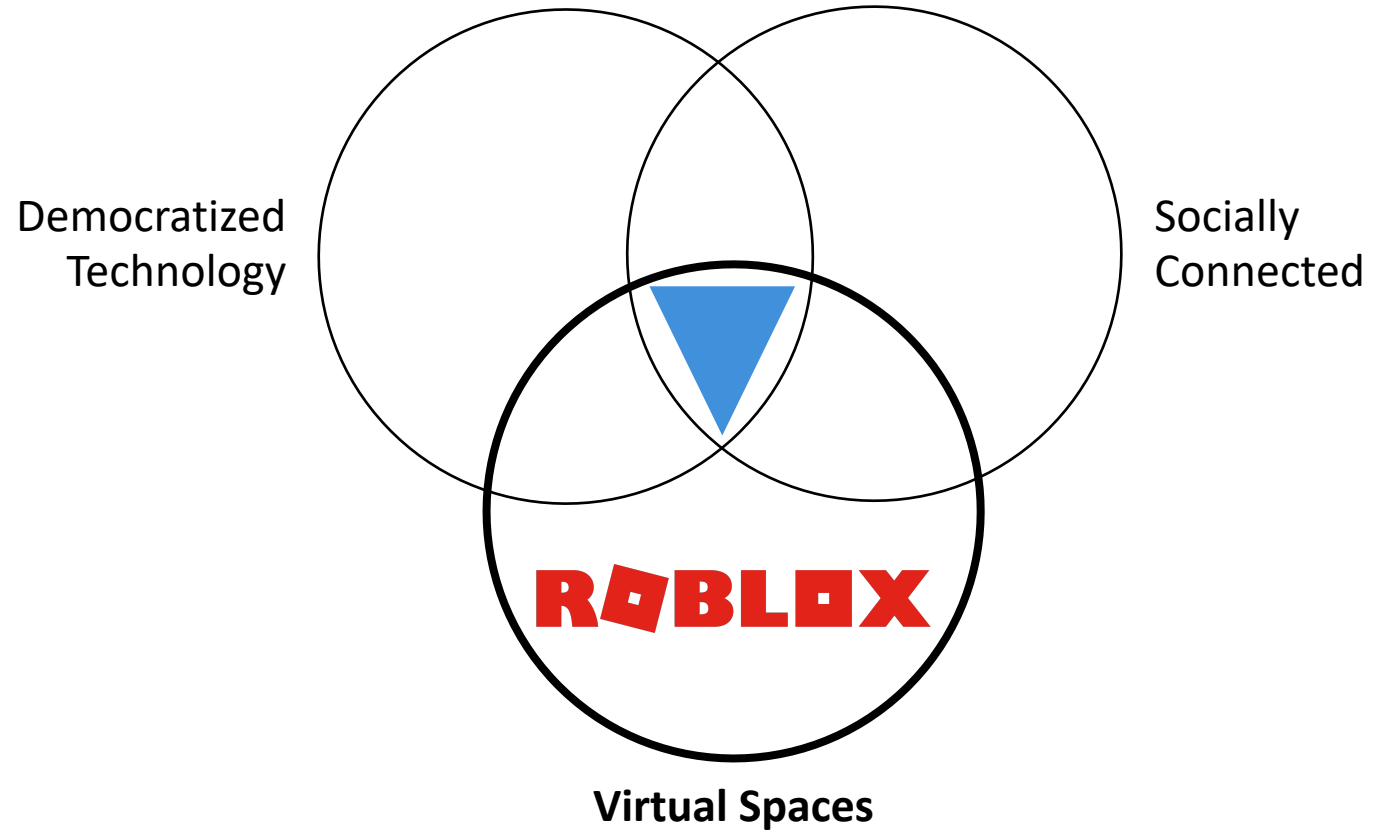
SHOP: Reports and Business Updates

- **Shopify makes it possible for brands and companies to launch professional e-commerce sites without knowing a single line of code** – this is one of its foundational value propositions, and how it contributes to democratizing e-commerce.
- **On its 21Q1 Earnings release, Shopify beat across the board**, indicating that YoY revenue growth may slow.
 - Revenue: \$1.12 billion, +57% YoY
 - Subscription Solutions: \$334 million, +70% YoY
 - Generated \$879.1 million in GAAP net income (attributable to unrealized gains related to equity investments)
- **Shopify is helping its merchants increase their own top line.** Merchant Solutions revenue increased +52% YoY, driven primarily by Gross Merchandise Volume (GMV) expansion.
- **Shopify provides merchant services beyond a traditional website.** GMV growth from Facebook and Google channel integrations exceeded online store sales growth. Shopify's technology also provides support for unique features including buy-online-pickup-in-store (BOPIS). This was adopted by 63% of brick-and-mortar merchants in English-speaking geographies by the end of June, versus 2% adoption pre-COVID-19.
- **Shopify is harnessing other consumer trends, including Buy-Now-Pay-Later (BNPL) via Shop Pay installments.** GMV transacting through Shop Pay installments more than tripled in Q2 versus the prior quarter.



The Metaverse

Roblox: Virtual Experience Trailblazer



The metaverse wouldn't be the metaverse without some type of virtual, shared space. Roblox has already mastered this element in its decentralized gaming platform. Not only is the platform self-sustaining (supported by its own digital economy), but it has been laser-focused on the idea of a virtual [“human co-experience”](#) since the '90s. There's a case to be made that Roblox bleeds into the socially connected circle as well. While Roblox currently boasts 20 million “shared experiences,” the company has a long-term vision beyond traditional gaming and into other events and marketplaces.

ROBLOX

RBLX

Roblox

Purchase Intent: +4% YoY, +117% vs. 2019

Trend Watch: New to Gaming
+101% vs. 2019

Sentiment: 61% Positive

Swans Say...

At this point, we probably sound like Roblox's biggest cheerleaders. But we're not biased. We listen to what consumers are telling us.

Where has the data taken us?

Right after we first featured Roblox on a MegaTrends report, the [company reported blow-out earnings](#) and shares surged by +20%.

Then a week later, we doubled down. Shares continued higher.

Now, Roblox shares have cooled off as investors wonder if the company's massive growth rate can continue.

LikeFolio data suggests the number of consumers playing Roblox is still growing – actually *increasing* versus the same time last year.

A pretty impressive feat.

We're still Bullish long-term, and we expect near-term volatility as the market sorts out pricing.

In the meantime, pullbacks may serve as great accumulation opportunities for patient investors who understand Roblox's mission.

Consumer Demand:

- Roblox Gameplay mentions are on the rise, reversing a softening trend during the summer months.
- Mentions of playing Roblox have increased +4% YoY and +117% versus 2019.

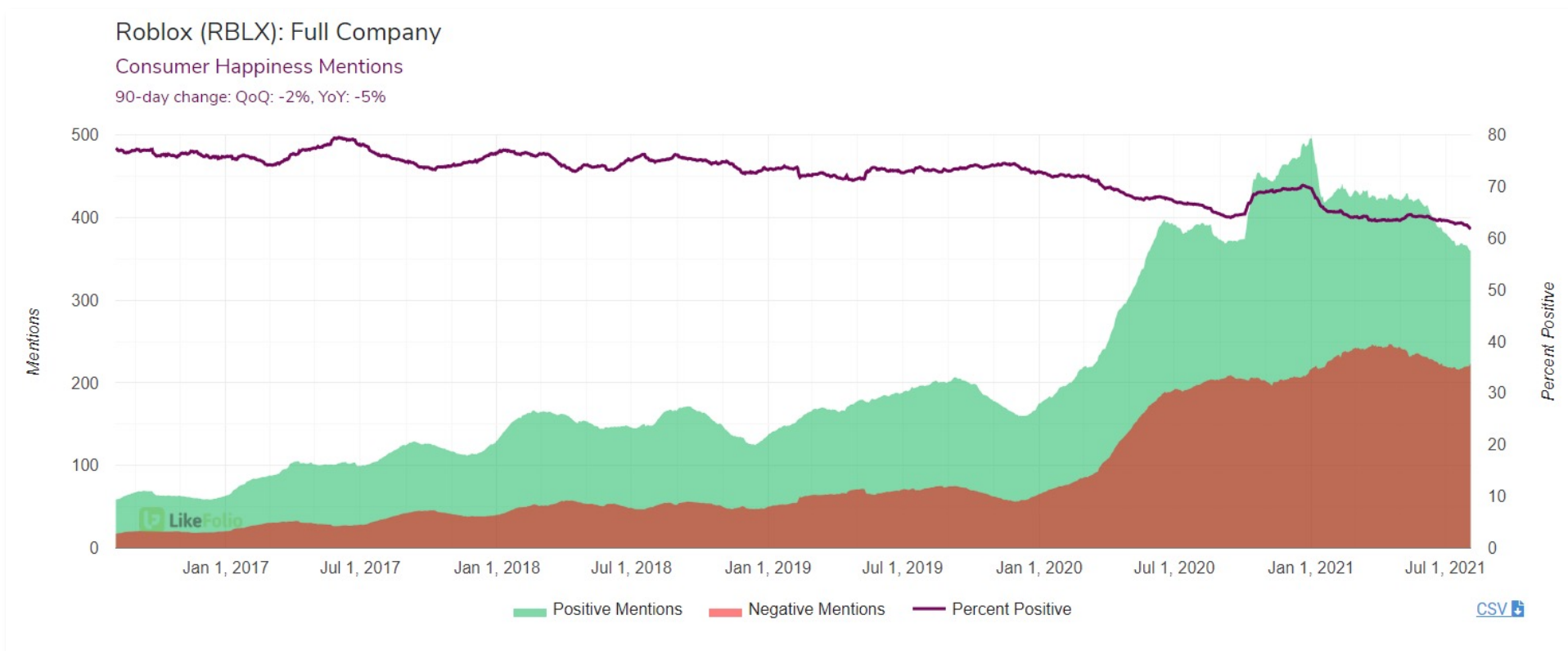
RBLX: Gameplay Mentions Rising



Consumer Happiness:

- Roblox Sentiment is 61% positive, in line with industry average.
- The most common cause of Negative Sentiment is system outage; meaning, consumers are happy when playing the game, but naturally upset when access is denied.

RBLX: Sentiment High When Platform is Live



Sentiment: Driven Lower During Outages


RTC @Roblox_RTC · 17h
UPDATE: Roblox has been fixed ✓ Happy gaming!
66 36 885

Cyan @CyanSusWasTaken
Replying to @Roblox_RTC
Every outage is longer and harder to fix it's getting concerning
12:02 AM · Aug 5, 2021 · Twitter for iPhone
2 Likes

Kariley Moreira @thecarioquinha
A Roblox outage can be worse than a heat wave.
#parenting #summer
11:47 AM · Jul 1, 2021 · Twitter Web App

Fluffmiceter @fluffmiceter
Is Roblox Studio being really slow for anyone else rn? I cannot even open a new window and get started, nor can I publish places.
10:52 AM · Jun 17, 2021 · Twitter Web App
1 Quote Tweet 3 Likes

Olivia @livypopo
everyone when they see roblox is down #robloxdown


2.6K views 0:01 / 0:04

3:27 PM · Aug 3, 2021 · Twitter for iPhone
12 Retweets 165 Likes

Macro Tailwind:

- The number of consumers gaming is growing. First-time gaming mentions boomed during lockdown.
- These mentions remain more than +100% higher versus 2019 and are continuing an overall upward trajectory in the last quarter.

Trend Watch: **New to Gaming**

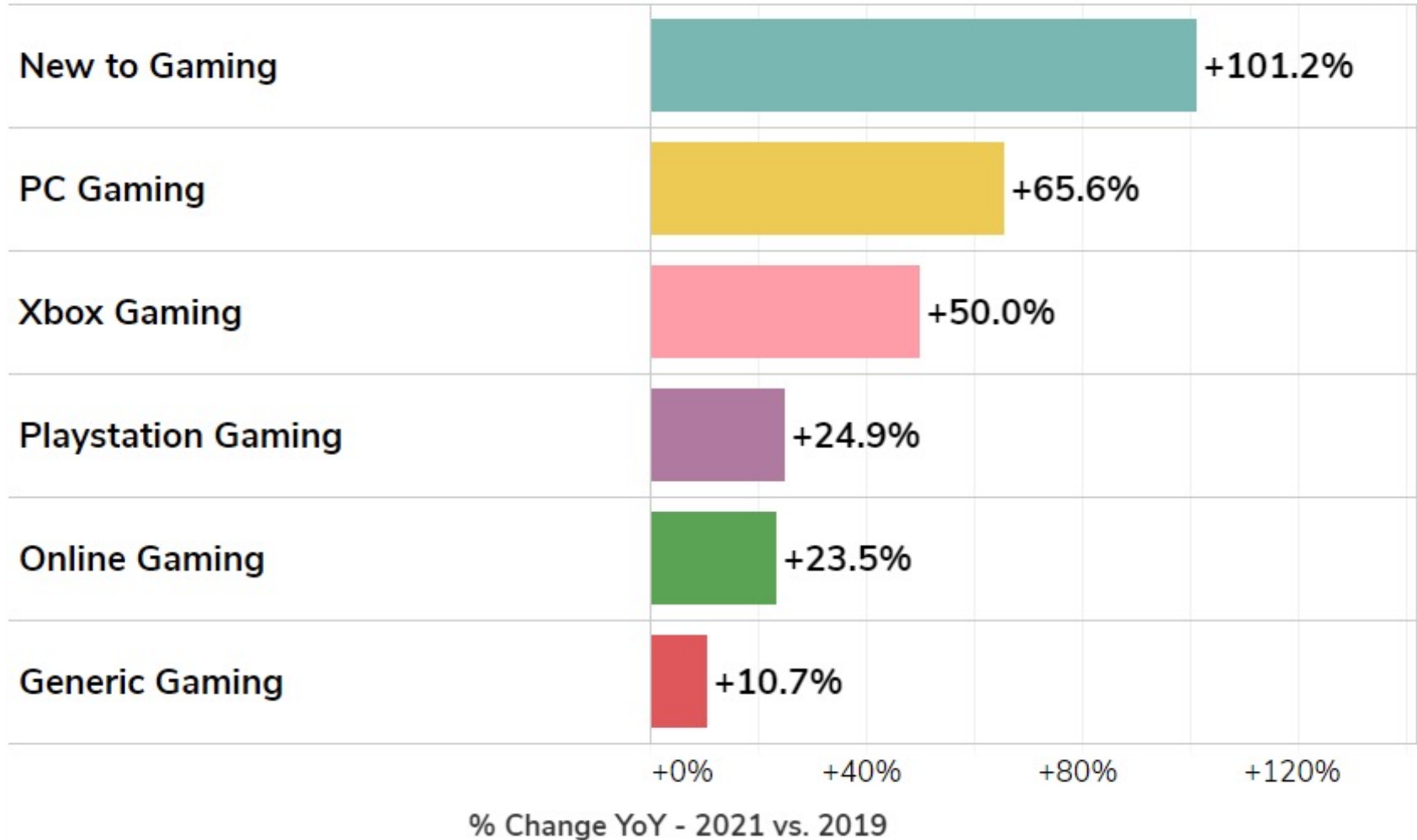


Macro Tailwinds:

- Gaming trends remain elevated versus pre-COVID-19 levels, with strength from PC gaming specifically (which naturally lends itself to Roblox's platform).
- Overall trend growth is being driven by new gamers entering the market.

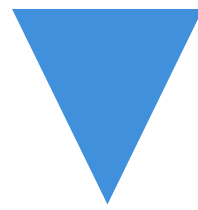
Trend Watch: More Gamers Gaming

2 Year % Change, 365-day Moving Average



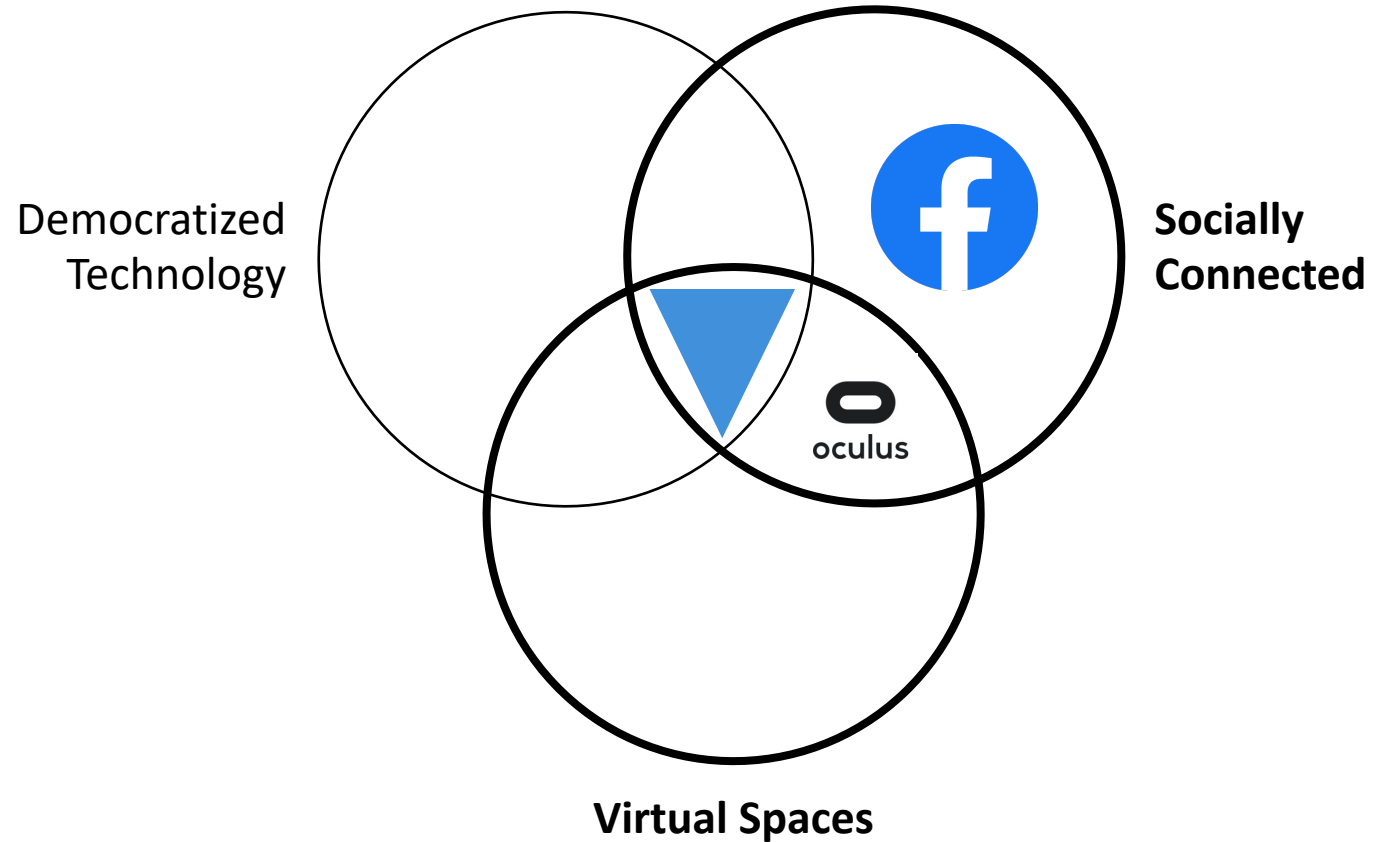
RBLX: Reports and Business Updates

- **Investors can expect short-term volatility** in RBLX share pricing as the market determines value following its direct listing earlier this year.
- **Roblox is effectively capturing an older audience.**
 - Roblox doubled the number of daily active users (DAUs) over the age of 13 on its last report and increased engagement among this group: +128% YoY.
 - LikeFolio data reveals signs of continued expansion in this audience segment.
 - Growth in this segment is critical, because older users have more direct access to funds for premium games and for in-game transactions via Robux.
- **The company has serious international growth potential.**
 - Currently, Roblox's largest geographic base is the U.S. and Canada, composing 30% of DAUs but driving 68% of revenue (versus 70% a year ago). Areas outside of this segment recorded the largest increases in DAUs last quarter.
- **Roblox is leveraging cross-platform partnerships to drive engagement.** [RBLX launched](#) a “Stranger Things” Netflix experience featuring interactive mini-games ahead of the series’ Season 4 release. Roblox also announced a [partnership with Sony Music Entertainment](#) to provide “innovative music experiences” for Roblox users.
- **Roblox has a [long-term vision](#) for the metaverse**, citing potential applications for education, learning activities, entertainment activities (like concerts), and other forms of video and real-world experience mirroring. This model could expand potential revenue streams, like brand partnerships and advertising.



The Metaverse

Facebook (FB): Relationships & Devices



Facebook supports two major elements of the metaverse: [robust social connections](#) and [access to virtual worlds via its Oculus headset](#). The shared-space component of the metaverse assumes real individual identities interacting with other real identities (avatars) across all types of shared spaces, instantaneously. It also facilitates the blending of the real and physical worlds. This requires technology, but also relationship connections... with ~2.8 billion monthly active users, Facebook has [more social connections versus all other social peers](#). On its last report, Facebook noted it was transitioning to become a metaverse company, emphasizing its goal to create a [truly immersive social experience](#).



FB

Facebook

Purchase Intent: -41% YoY

Trend Watch: Using Virtual Reality
+13% YoY

Sentiment: 60% Positive, +2% YoY

Swans Say...

Mark Zuckerberg says Facebook doesn't want to be a social media company when it grows up.

You heard that right.

On Facebook's last earnings call, Mark Zuckerberg shared his ultimate vision of an immersive metaverse that users feel a part of:

“The defining quality of the metaverse is presence, which is this feeling that you're really there with another person or in another place. Creation, avatars, and digital objects are going to be central to how we express ourselves, and this is going to lead to entirely new experiences and economic opportunities.”

Ahhh, Facebook's Oculus Virtual Reality brand — now we get it.

Facebook may be the best-positioned to contribute to this new world, considering social connections and interactions are a cornerstone element of this metaverse. Can you imagine the human relationship map Facebook has already built?

Short term, Facebook growth is still tied to users and advertisers. But if things go as planned, this will shift. The company has enormous upside potential... if it can execute.

Consumer Demand:

- Facebook Purchase Intent captures new user growth, like mentions of consumers downloading or installing an app or purchasing an Oculus device (versus habitual usage mentions).
- User growth has slowed on a YoY basis: -41%.
- Looking ahead, revenue growth will be increasingly dependent on the retention and monetization of previously captured users.

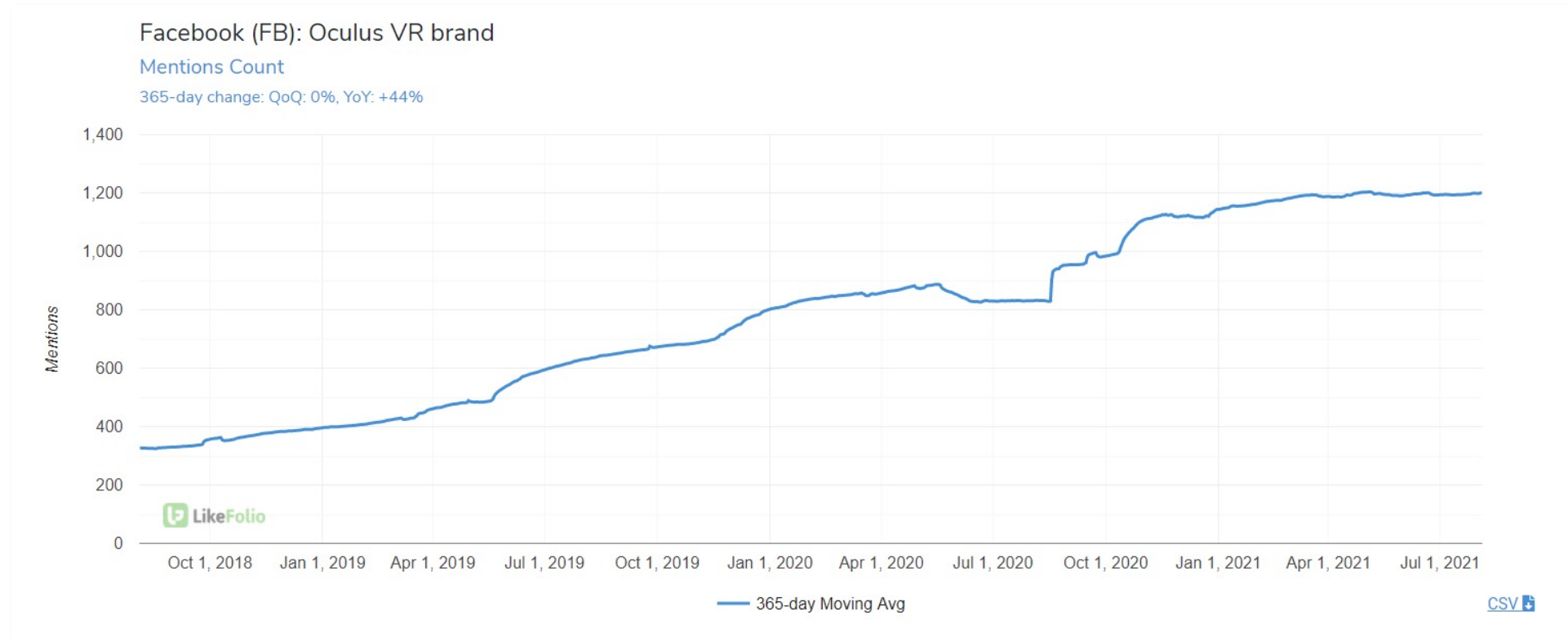
FB: User Growth Slowing




Consumer Demand:

- Consumer buzz for Facebook's Oculus Virtual Reality devices has increased significantly in the last year: +44%.
- Consumer Sentiment for the Oculus brand is much higher versus Facebook's social platforms, at 76% positive.

FB: Oculus VR Demand Booming








Facebook Oculus VR: Superior Experience

 **Moka** SOON **Megaplex and Denfur '21** ...
@boofcario

I have come to this conclusion after tonight and it honestly makes me sad. The Oculus Quest 2 is just better and easier to use than my SteamVR setup.

12:18 AM · Jul 31, 2021 · Twitter Web App




 **Rance (he/him)** ...
@ViolenceObscene


Replying to @undacappn and @kmitko3





Yeah! I grabbed an Oculus Quest 2, and tbh, it's one of the best gaming experiences I've ever had. Half Life Alyx was beyond amazing. SPT is SO FUN. I'm really fortunate to have good VR legs; none of the motion stuff does anything to make me queasy! How is the Vive?


6:42 PM · Aug 5, 2021 · Twitter Web App





1 Like


   

 **Joom #BLM** @oobleejay · 20h ...
What is the best VR rig out there right now? I had an Oculus once, RIP, and it rocked.

 1   1 

 **Ace** @AceAlvarez13 · 20h ...
I have the Oculus 2 and its still really good. Ive tried the PS version, but I prefer Oculus, its got a really good friend system.

 1   1 

 **Joom #BLM** @oobleejay ...
Replying to @AceAlvarez13

I'm still learning towards Oculus.

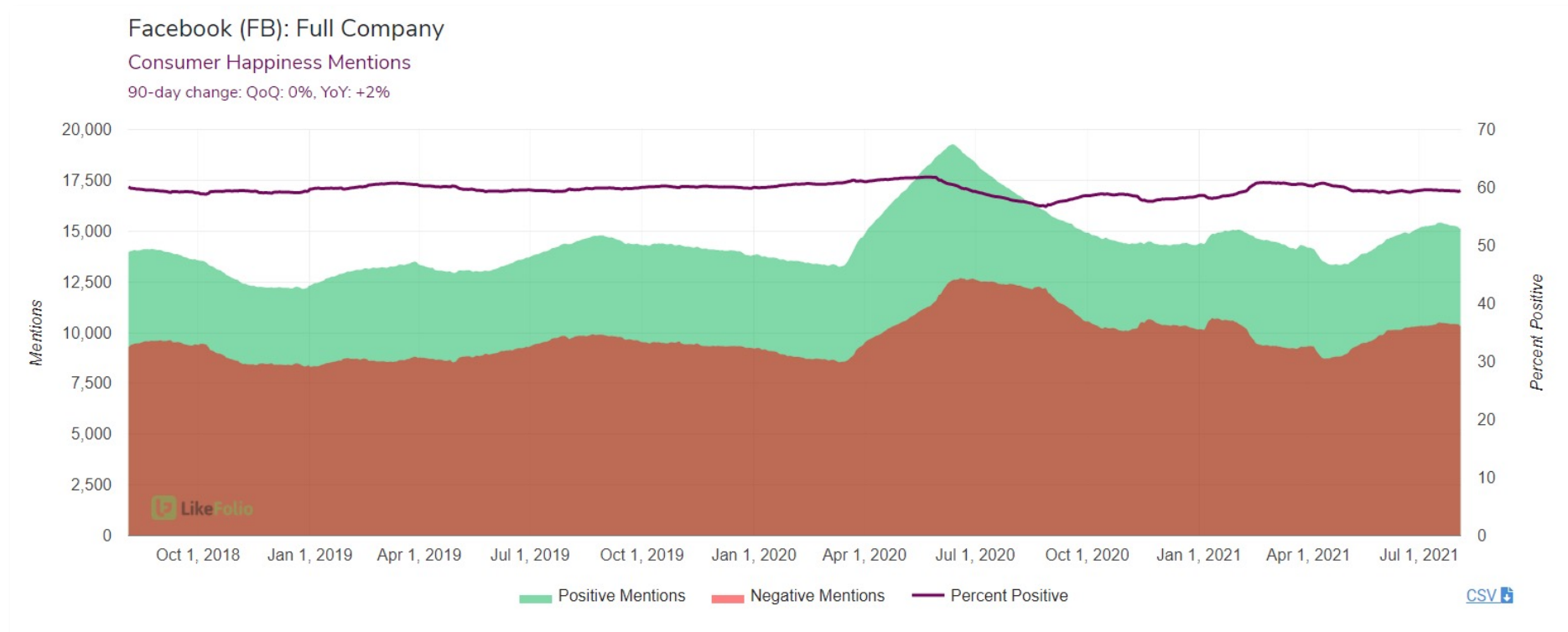
11:13 PM · Aug 4, 2021 · Twitter Web App

1 Like

Consumer Happiness:

- Facebook Sentiment has shown modest improvements in the last year: +2 points.

FB: Comprehensive Sentiment is Improving

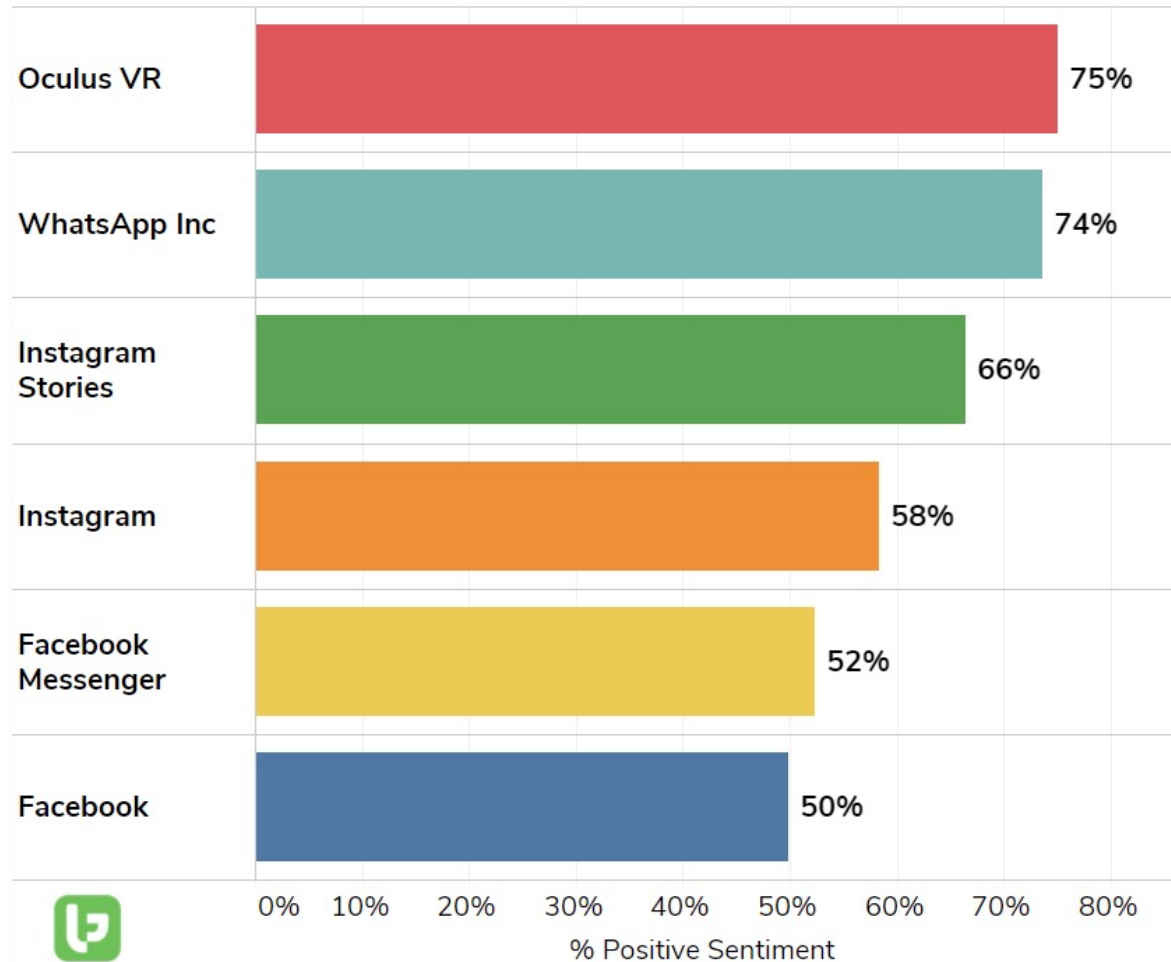


FB: Oculus, Encrypted Messaging Boast Highest Sentiment

Consumer Happiness:

- While the Facebook brand boasts the highest total mention volume, users are happiest with the Oculus and WhatsApp messaging experiences.
- Monitor both areas for future growth.

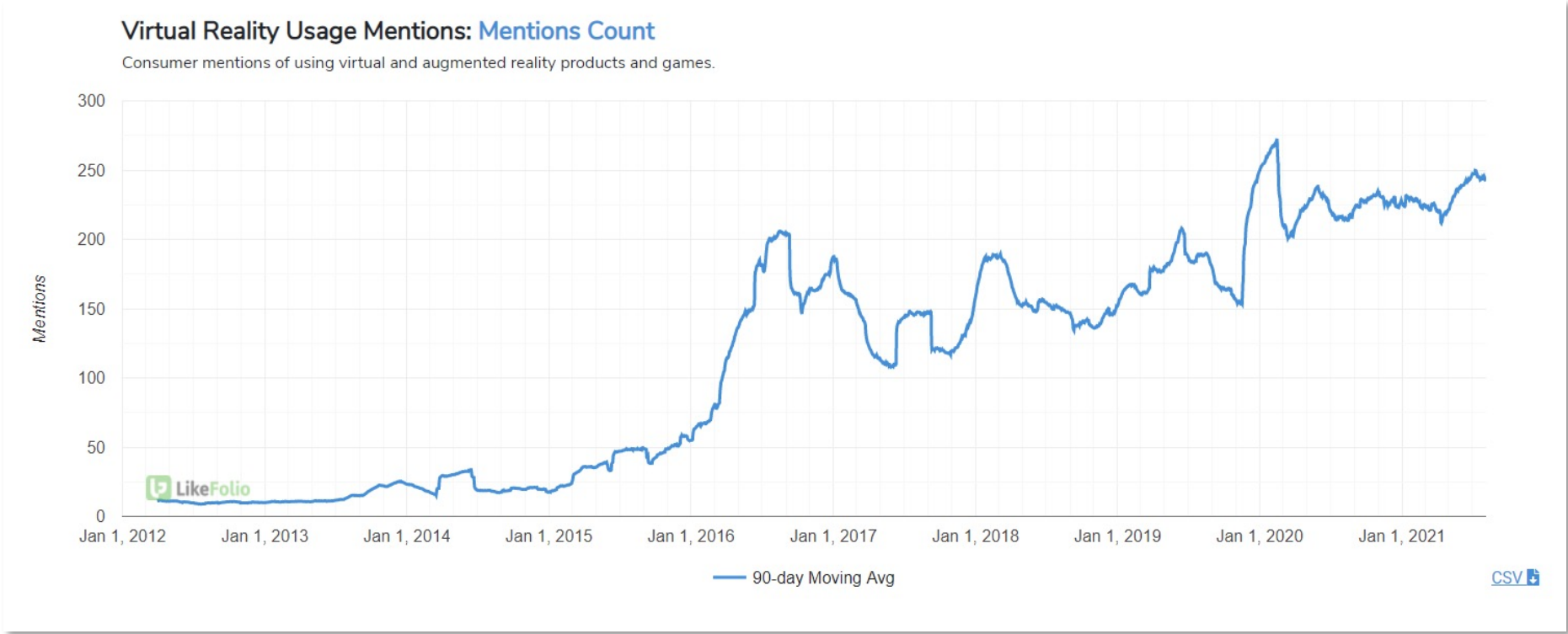
Consumer Happiness Comparison, 90-day Moving Average



Macro Tailwind:

- Virtual Reality Usage mentions are approaching the all-time highs achieved during the last holiday season.
- Mentions are currently pacing +13% higher YoY.

Trend Watch: **Virtual Reality**



FB: Reports and Business Updates

- **FB [shares fell](#)** following the company's 21Q2 earnings release, when Facebook indicated it expects YoY total revenue growth rates to decelerate in future quarters. Revenue increased +56% YoY in the quarter reported, driven higher by digital ad spending.
- **Facebook is [currently involved](#) in an antitrust case alongside Amazon, Apple, and Alphabet's Google.** The U.S. Federal Trade Commission (FTC) alleges Facebook broke antitrust law when it acquired Instagram and WhatsApp. A judge [rejected antitrust complaints in June](#), and another judge [extended the FTC's deadline](#) to file an amended complaint to Aug. 19.
- **While Facebook is most known as a social media platform, the company wants to be known as a [metaverse company](#),** "Now the areas that I've discussed today: *creators, commerce, and the next computing platform*, they're each important priorities for us, and they're each going to unlock a lot of value on their own. But together, these efforts are also part of a much larger goal: to help build the metaverse... Within the metaverse, you're going to be able to hang out, play games with friends, work, create, and more. You're basically going to be able to do everything that you can on the internet today, as well as some things that don't make sense on the internet today, like dancing."
- **Facebook's Oculus brand is the overwhelmingly dominant player in global VR & AR headsets.** [External research](#) suggests the Oculus Quest 2 held more than 75% of shipment share in the first quarter of 2021 versus 34% the year prior, shipping 4.6 million headsets. The next-closest headset in shipment volume held 6% share.
- **Oculus composes a [fraction](#) of Facebook's revenue; [nearly a fifth of Facebook employees](#) were working on VR and AR earlier this year.**

MegaTrend Summary: The Metaverse

The metaverse sounds like science fiction, but the concept is rooted in actual technology.

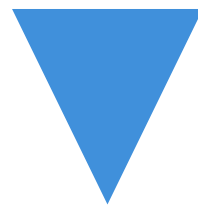
Data confirms that mentions of this futuristic digital world have boomed in the last year.

And when we really dug in, we realized many very real companies have big plans to contribute to its creation.

The companies featured in this report have the underlying foundation and potential to be huge players in this new space... and may present as major long-term winners.

Keep an eye on these names and macro trends for continued traction. Think years.

We'll likely revisit this concept a few times between now and then and will keep members updated with opportunities along the way.



The Metaverse

Glossary of Terms

Metaverse – A term used to describe the concept of the internet being experienced as a unique virtual world. In practice, this means shared, interoperable online spaces, with virtual-reality elements and self-contained economies.

Blockchain – A dynamic digital ledger that can be used to track and interact securely with highly sensitive data without third-party risk. Blockchains leverage cryptography and [peer-to-peer consensus](#) to ensure that any changes made to the ledger are both valid and permanent.

Cryptocurrency – A decentralized, blockchain-based digital asset used as a medium of exchange. The term broadly applies to any decentralized blockchain asset, Bitcoin being the first and most prominent example. Often shortened to “crypto.”

Non-Fungible Token (NFT) – NFTs are a unique data file stored on a digital ledger (blockchain) using a [smart contract](#). An NFT can be any type of data (image, audio, or game asset). Although copies of these files can exist, the smart contract guarantees veracity and ownership, providing NFTs with inherent legitimacy and value.

Proof-of-Work (PoW) – Describes the original consensus algorithm used to confirm transactions on a blockchain network. Decentralized “miners” compete to solve [hash functions](#), which require a large amount of computational power (work) to complete. Solving one of these functions rewards the miner and allows them to validate recent transactions on the ledger. PoW miners consume large amounts of electricity.

Proof-of-Stake (PoS) – An alternative method of reaching decentralized consensus on a blockchain. Instead of requiring computational power (work), miners are randomly rewarded for validating blocks based on how many coins they have (their stake). PoS blockchains have many advantages over PoW, the foremost being the relatively small amount of electricity required.

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